



ANNUAL REPORT 2011



VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE



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RELIABLE • EFFICIENT • MODERN

“Improving
the values of life”



MESSAGE FROM THE CHAIRMAN

Dear shareholders,

The year 2011 saw economic difficulties across the globe. As Japan was riding out a natural disaster of unprecedented magnitude, a giant shadow was cast upon the US economy, the public debt crisis was rampant in Europe, and a series of leading international banks were downgraded by credit rating agencies. In Vietnam itself, negative economic conditions persisted during the first few months of the year; the inflation rate was on the increase and the macroeconomy was plagued with risk and instability. Nonetheless, Vietnam was able to realize remarkable achievements: GDP increased by 5.89%, trade turnover increased by 33.3%, investment in society increased by 5.7%, trade deficit was kept below 10%, supply of foreign currencies was vastly improved, social welfare was upheld, political security and social order were well maintained.

VietinBank has also done its part in overcoming economic difficulties by simultaneously completing two objectives: operate safely and effectively in accordance with international standards, as well as capitalize on its role as a leading commercial bank and be at the forefront of implementing government's and State Bank of Vietnam's directives. By the end of 2011, VietinBank attained formidable milestones and encouraging performance. Total assets reached VND 460.6 trillion, an increase of 25%; mobilized funds reached VND 420.2 trillion, an increase of 24%; total loans and investment reached VND 430.1 trillion, an increase of 23%; NPL ratio was at 0.75%; before tax profit amounted to VND 8,392 billion, an increase of 81% from 2010 and an equivalent of 165% of the target set by the shareholders' meeting.

In 2011, whereas many commercial banks experienced poor liquidity, VietinBank kept a leading role and remained the top provider of funding in the interbank market. With sound investment strategies, as well as solid management and forecasting capabilities, not only did VietinBank guarantee its own liquidity, but also helped other banks improve their liquidities, thus contributing to the implementation of national monetary policies and to increasing profit for the Bank.

With the approval of the Government, VietinBank completed selling 10% of its charter capital to IFC and as a result became the first state commercial bank to have a foreign partner as a shareholder. Ever since VietinBank was granted VND 5,900 billion VND in equity by the State (of which VND 2,200 billion were special bonds), the Bank has vastly enhanced its financial strength and currently has over VND 20 trillion in charter capital.

VietinBank also saw many breakthroughs and positive changes over 2011, which include accomplished 2015 overall IT strategy, completed the credit risk management framework implemented the fund transfer pricing (FTP) system in compliance with international practices to assist branches in balancing capital and managing interest rates; a new pilot credit model has been applied in tandem with research on and modifications to the non-credit model.

As part of our ongoing quest to become a modern, internationally recognized financial corporation operating in diverse industries, VietinBank Aviva Life Insurance Company and VietinBank Global Money Transfer Company officially began operations in 2011. On September 6th 2011, VietinBank opened a new branch in Frankfurt – the largest financial center in Europe. On February 9, 2012, VietinBank opened another branch in Vientiane, Laos. These milestones, which symbolize Vietinbank's first step on its journey of international expansion, mark momentous occasions not just to VietinBank, but to the entire Vietnamese financial and banking industry.

Acknowledging that 2012 will prove to be yet another challenging year for banks and financial institutions in Vietnam, the Board of Directors, along with Board of Management, have established a number of growth and market share criteria, some of which are: increase total assets by 19%, increase total loans by 21%, keep NPL ratio under 3%, attain VND 9 trillion VND in before tax profits; achieve fee based income over operating income ratio of 10%, reach VND 30 trillion VND in charter capital, sustain a CAR over 10%.

With 2012 now well under way, in close adherence to the policies set forth by the Party, the Government, and the State Bank of Vietnam, VietinBank will focus on restructuring itself to become more modern and competitive. Relentlessly, we will make changes to all facets of our operations for the better, expedite the process of equitization, further develop our human resources, enhance our IT infrastructure, increase investment activities, and improve our products and services.





We are firmly of the belief that the visionary guidance of government authorities, along with the insight of VietinBank management and the determination and unity of all our staff, will allow VietinBank to reap even greater success in 2012.

A handwritten signature in black ink, appearing to read 'Pham Huy Hung', written over a thin diagonal line.

Dr. PHAM HUY HUNG

General Information

Registered name in Vietnamese

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN CÔNG THƯƠNG VIỆT NAM

Registered name in English

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

Trade name

VietinBank

Headquarters

108 Tran Hung Dao, Hoan Kiem District, Hanoi, Vietnam

Charter capital

VND 20,230 billion (as at 31 December 2011)

Establishment license

No. 142/GP-NHNN issued by the State Bank of Vietnam on 03 July 2009

Business registration license

0100111948 (issued for the first time by the Hanoi Department of Planning and Investment on 03 July 2009, registered for the 5th amendment on 28 December 2011)

Tax code

0100111948

SWIFT code

ICBVVBVX

Network

149 local branches, 1,123 transaction offices and savings offices in all of the nation's provinces

- 1 branch in Frankfurt, Germany
- 1 branch in Vientiane, Laos

Staff

18,622 people (as at 31 December 2011)

Foreign shareholder(s)

International Finance Corporation (IFC)

Auditor

Ernst & Young Vietnam

MISSION

VISION

CORE VALUES

BUSINESS PHILOSOPHY



To become the leading financial and banking corporation in Vietnam that operates in diverse areas, as well as provides products and services that conform to international standards, aiming to improve the values of life.



To become one of the most modern and effective financial and banking group in and outside the country.



- Customer-oriented operations;
- Dynamic, innovative, professional, devoted, transparent, modern;
- Workers have the right to make their best effort and contribution – they have the right to receive rightful compensation – they have the right to pay homage to outstanding individuals and workers.



- Safe, effective, sustainable, and in compliance with international standards;
- United, ready to cooperate, share, and be socially responsible;
- Your prosperity is our success.



History

Significant events

Establishment

VietinBank was established on March 26th 1988, after having separated from the State Bank of Vietnam in accordance with Decree 53/HDBT of the Ministerial Board.

Listing

Ho Chi Minh City Stock Exchange since July 16, 2009.

Type of shares: Common shares

Ticker symbol: CTG

Par value: 10,000 VND per share

Shares in circulation: 2,022,972,161 shares (as at 31 December 2011)

Important milestones:



15/4/2008
Change of name from IncomBank to VietinBank

31/7/2008
VietinBank was granted the ISO 9001 – 2000 certification for credit, guarantee and payment activities

04/6/2009
1st VietinBank Annual Shareholders' Meeting

08/7/2009
Pursuant to establishment and operating permit 142/GP-NHNN issued on 3 July 3, 2009 by the Governor of the State Bank, Vietinbank became officially known as a joint stock commercial bank, as reflected in its new name, Vietnam Joint Stock Commercial Bank for Industry and Trade

10/10/2010
VietinBank and IFC signed investment and cooperation agreements

28/12/2011
VietinBank was granted an enterprise certification (enterprise code 0100111948) with charter capital of VND 20,230 billion by Hanoi's Department of Planning and Investment, replacing the certificate issued on 03 July 2009.

History

Development

Lines of business

VietinBank provides wholesale and retail banking services in and outside the country. The following are a number of services in VietinBank's portfolio: lending, investment, trade finance, card services, credit card issuance and payment, traveler's cheques, securities trading, insurance, leasing, and others.

Some Key Operating Indicators :

	Unit	31 December 2011(*)	31 December 2010	31 December 2009	31 December 2008	31 December 2007
Total assets	Billions of VND	460,604	367,731	243,785	193,590	166,113
Shareholders' equity (1)	Billions of VND	28,491	18,201	12,572	12,336	10,646
Charter Capital	Billions of VND	20,230	15,172	11,252	7,717	7,608
Mobilized funds	Billions of VND	420,212	339,699	220,591	174,905	151,459
Total loans	Billions of VND	293,434	234,205	163,170	120,752	102,191
Before tax profit	Billions of VND	8,392	4,638	3,373	2,436	1,529
ROA (2)		2.03%	1.5%	1.54%	1.35%	0.76%
ROE (3)		26.74%	22.1%	20.6%	15.7%	14.12%
NPL ratio		0.75%	0.66%	0.61%	1.58%	1.02%
CAR		10.57%	8.02%	8.06%	12.02%	11.62%
Dividend (calculated based on year-end charter capital)		20%	13.47%	6.83% (last 6 months)	-	-

(*) from 2011 audited consolidated financial statements

(1) Excluding portion of equity belonging to minority shareholders

(2) ROAA

(3)ROAE

Awards received over 2011



VietinBank is the only bank to have received both the Top 10 Vietnamese Enterprise Award and Top 10 Socially Responsible Enterprise Award at the 2011 Sao Vàng Đất Việt Award Ceremony.

VietinBank is the only bank to have received the 2011 Top 20 Golden Products Award conferred by the Vietnam Intellectual Property Research Institute.

VietinBank is among the top 20 largest enterprises in Vietnam in a list of 500 compiled by VietnamNet and a Vietnamese assessment company.



VietinBank received the «Bank Receiving Best Assessment from the Media» award from Media Tenor (a Swiss company).

VietinBank received the 2011 Vietnam Golden Enterprise Award from VINASME.

VietinBank received the «2011 Famous Vietnamese Brand Names» award from the VIPA for its Cremium line of credit cards and E-Partner cards.



Highlights Over 2011



VietinBank signed the Investment Agreements with International Finance Corporation (IFC) under which IFC subscribed 10% of VietinBank share capital and became the foreign strategic shareholder of VietinBank.

25/1/2011



VietinBank chosen as «Diamond Sponsor» of the 44th ADB Summit held in Vietnam.

17/6/2011

January

February

March

April

May

June

10/1/2011

The sixth General Meeting of VietinBank's staff members was held with the participation of 229 members representing nearly 17,000 staff members of VietinBank.

23/5/2011

31/5/2011



Opening of VietinBank Fund Management Company (Vietinbank Capital).

2011 Annual Shareholders' Meeting with the attendance of 413 shareholders, representing 1,616,945,565 shares, which equates to 95.92% of the Bank's voting shares.





VietinBank opens German branch at 44 Reuterweg, Frankfurt am Main, Hessen, Germany.

06/9/2011



VietinBank introduces Cremium JCB credit card, issued for the first time in Vietnam.

4/10/2011

July

August

September

October

November

December

29/6/2011

VietinBank opens the 149th branch, Dak Nong branch in Gia Nghia, Dak Nong.



18/10/2011

Inauguration of VietinAviva Life Insurance Company.



28/12/2011

VietinBank increases charter capital to VND 20.230 trillion .

Development Outlook

2012

In 2012, VietinBank makes it a priority to expedite the equitization process, which will increase shareholders' equity and pave the way for more secure operations while focusing on restructuring the Bank to become more modern and competitive. Moreover, VietinBank will further invest in information technology, standardize operational procedures, enhance products and services, and address any issues relating to procedures and mechanisms. It is ongoing quest to gain prestige in the global economy and to promote the VietinBank image domestically and internationally. By 2015, VietinBank aspires to become a modern, efficient financial and banking corporation that plays a leading role in the economy.



ASSETS AND CAPITAL STRATEGIES

Increase assets by an annual average of 20-22%;

Expedite equitization process to increase charter capital, as well as to ensure growth demands and CAR requirements are met;

Diversify ownership structure while maintaining state ownership at 51% or above.



CREDIT AND INVESTMENT STRATEGIES

Credit activity is a critical part of the Bank's operations, in which competition is based on market principles;

Adjust credit structure to suit VietinBank's strengths;

Minimize credit risk, keep NPL ratio under 3%;

Diversify credit and investment activities in the financial market, maintain a leading role in the market, enhance the effectiveness of funding utilization and liquidity management.



SERVICE STRATEGIES

Develop fee-based banking services, identify key service group on which to focus;

Make use of a modern IT infrastructure to develop services, with the ultimate goal being to satisfy customers.



HUMAN RESOURCES STRATEGIES

Standardize, further develop staff;

Revamp and improve upon mechanism of utilizing workers and compensation;

Build a competent and professional workforce;

Carry out international work procedures and abide by corporate culture.



TECHNOLOGICAL STRATEGIES

Recognize IT as a crucial component that supports all facets of operations;

Build a consistent IT system that is modern, secure, and stable.



ORGANIZATIONAL AND ADMINISTRATIVE STRATEGIES

Develop a clear, appropriate organizational structure;

Develop and establish subsidiaries to provide sufficient financial products and services;

Expand network, open new branches and representative offices;

Strengthen retail banking operations.





REPORT OF THE BOARD OF DIRECTORS

Report of the Board of Directors

Results and Progress

In light of the domestic and global economy having to face numerous challenges and difficulties, VietinBank's Board of Directors closely follows the guidance of the Government and the State Bank, as well as monitors market changes so as to come up with proper, flexible measures in a timely fashion. As a result, VietinBank saw highly favorable financial results and kept on fulfilling its role as a leading bank in the market.

By year end 2011, VietinBank's total assets were in excess of VND 460 trillion (an increase of 25% from the start of the year), making VietinBank the 2nd ranking bank in Vietnam with regard to total assets. Over the year, total mobilized funds and borrowings grew by 24%, loans by 25% (where as loan growth for the whole banking system was from 12% to 13%). In an effort to implement the Government's policies supporting manufacturing industries, VietinBank has held on to its role as a leading commercial bank in providing loans to exporters, rural enterprises, and supporting industries at reasonable interest rates. Asset quality has been maintained, the NPL ratio was kept at 0.75%, much lower than the industry average (in excess of 3%). Before tax profits were just over VND 8.3 trillion, surpassing the target set by the annual shareholders' meeting by 65%.

Total mobilized funds and borrowings grew by

24%

Total assets increased by

25%

2011

Total assets

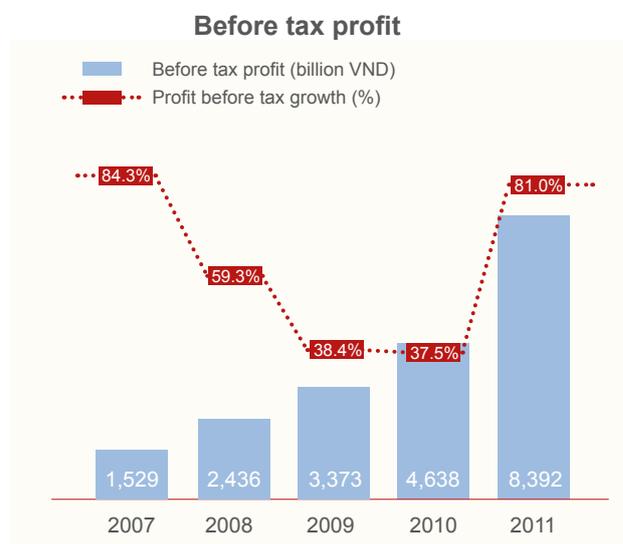
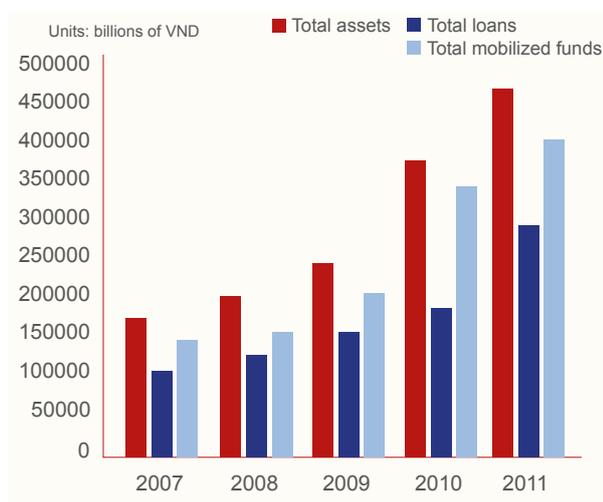
VND **460**
trillion

	Target (*)	Achieved 31 December 2011	Assessment
Total assets (billions of VND)	441,000	460,604	Over
Charter Capital (billions of VND)	20,000-25,000	20,230	Pass
Mobilized capital and borrowed funds (billions of VND)	408,000	420,212	Over
Growth of mobilized capital and borrowed funds	20%	24%	Over
Total loans and investments (billions of VND) (1)	419,000	430,116	Over
Loans (billions of VND) (2)	281,000	293,434	Over
Growth in loans	19.9%	25%	Over
NPL ratio	<3%	0.75%	Pass
Before tax profit (billions of VND)	5,100	8,392	Over
ROA	1.2%	2.03%	Over
ROE	16%-18%	26.74%	Over
Dividend	16%	20%	Over

(*) Pursuant to Resolution 04/NQ-DHDCD dated 31 May 2011.

(1) Not including provisions for credit risk, provisions for security devaluation, and provisions for investment devaluation

(2) The State Bank approved VietinBank's 2011 credit growth of 25% pursuant to document 9551/NHNN – CSTT dated 13 December 2011



IFC's involvement is symbolic of VietinBank's progress in international integration. VietinBank became the very first state commercial bank to have a foreign partner as its shareholder.

Increase of charter capital, equitization, and dividend in 2011

With the approval of the Government and the annual shareholders' meeting, VietinBank sold 10% of its shares to IFC and also made a subordinated loan from them (which is eligible as tier 2 equity). In addition, VietinBank issued additional shares to existing shareholders (VND 3,372 trillion) and thus, by year-end 2011, had increased its charter capital to VND 20,230 trillion, the second largest amount of charter capital owned by a bank in Vietnam. IFC's involvement is symbolic of VietinBank's progress in international integration. VietinBank became the very first state commercial bank to have a foreign partner as its shareholder.

To tighten relations with shareholders and render information more transparent, VietinBank hosted a series of events over the course of 2011. VietinBank is widely regarded as one of the leading organizations in maintaining relations with shareholders.

With charter capital in excess of 20 trillion VND, VietinBank's CAR was 10.57% at year end 2011, higher than the State Bank's regulated threshold of 9%. Owing to solid financial performance, VietinBank expects to pay out dividends equivalent to 20% of its charter capital as at 31 December 2011.

Wise business strategies and outstanding results have positively impacted the price of CTG shares. Despite the gloomy conditions in the securities market (VNIndex decreased by 28%, HNX-Index by 48%, 12% for the entire

banking industry), the price of CTG shares remained relatively stable. In 2011, CTG transactions rose sharply (57%), reaching over 460,000 shares per session. Foreign investors purchased a net of 17.8 million share, twice as 2010's figure. Moreover, from January to March 2011, CTG shares' price rose 30%, in contrast to those of other shares. The increase was largely due to the announcement of IFC's involvement and pledge to support the Bank in such areas as corporate governance and risk control.

Corporate governance

2011 was seen as a critical year in VietinBank's 2011-2015 5 year growth strategy. The Board of Directors placed special focus on the following areas in an effort to turn VietinBank into a leading commercial bank in the region

Enhance management capabilities of top executives

In response to the annual shareholders' meeting's resolution, changes have been made to the Board of Directors and the Board of Management. Namely, two new board members have been appointed, Mr. Nguyen Van Thang and Mr. Michael Knight Ipson; Mr. Nguyen Van Thang replaced Mr. Pham Xuan Lap as General Director; Mr. Nguyen Hoang Dung and Mr. Nghiem Xuan Thanh were appointed Deputy General Directors; and Mr. Nguyen Hai Hung replaced Mr. Nguyen Van Chung as Chief Accountant.

The Board Members and top management have fulfilled their duties and greatly contributed to the successful completion of 2011's business plan.



To enhance administrative objectivity and transparency, and to better conform to international practices, at the annual general shareholders' meeting held in late February 2012, VietinBank proposed that a number of provisions and criteria for becoming an independent Board Member be amended, making them more stringent than the 2010 credit institutions laws but still in line with the law and with regulations ratified by the shareholders' meeting. Since an independent board member plays a crucial role in supervisory activities and in minimizing the risk of management abusing their power, VietinBank's Board attributes great importance to finding an independent Board Member that is competent and that meets all relevant criteria. At the 2012 shareholders' meeting, the decision to appoint Ms. Nguyen Thi Bac – former vice president of the national assembly's legal committee – as independent board member was approved.

Improve corporate governance

Over 2011, VietinBank formed committees that acted as advisors to the Board of Directors. The IT Strategic Committee was established with the aim of advising top executives on formulating strategies. Other committees namely Human Resource and Remuneration Committee, Assets and Liabilities Committee, Risk Management Committee, Policy Committee, which had been established in earlier years continued to perform effectively and to provide the Board with in-depth advising and recommendations. These committees played a crucial role in improving the overall performance of the Bank.

Step-by-step improvement of supervisory and risk management procedures

In 2011, VietinBank appointed staff to the improvement of risk management, detection mechanisms to conform to international standards. From 2012, it is expected that the credit model will be changed. The new model will separate the customer relations division from the appraisal division so as to allow for better risk control. The supervisory system will be restructured so as to have three distinct levels, group, region, and central. VietinBank implemented the international-standard fund transfer pricing (FTP) system in April 2011 to address interest rate and liquidity risks. This tool will be instrumental to head office as it regulates assets and liabilities for the whole Bank to control interest rate and liquidity risks. In 2011, a framework for credit risk management was created in accordance with international standards, adjusted specifically for VietinBank. The framework was well evaluated by IFC. This was a necessary step in improving risk management and laying a foundation for the future development of risk management practices. The OpRisk module for operational risk management was implemented and one of the most advanced software in the world was utilized.

Enhance transparency and information disclosure

The Bank has imposed regulations on disclosing information to the securities market, which are aimed at guaranteeing that laws pursuant to securities markets are met. VietinBank updates policies relating to shareholder relations and information for shareholders

Year 2012

VietinBank's Board of Directors and Board of Management commit to capitalizing on the bank's strengths and past achievements. The Bank will continually adapt to changes to meet growth demands.

and investors on a regular basis. VietinBank also makes such information readily available on its website.

Expectations and future plans

The year 2012 will present many challenges but will also generate numerous opportunities. VietinBank's Board of Directors and Board of Management commit to capitalizing on the bank's strengths and past achievements. The Bank will continually adapt to changes to meet growth demands. The joint efforts of all the shareholders and staff will be instrumental to the Bank's success and achievement of goals. It is with confidence that VietinBank will continue to undergo sustainable growth and bring about benefits to shareholders all across the world.

In adherence to the policies set forth by the Government, and the State Bank of Vietnam, in 2012, VietinBank will focus on restructuring the entire bank to become more modern and competitive. We will expedite the process of equitization and continue to adapt to ongoing changes in the operating environment. As well, we will develop our human resources and further invest in technology to clamp down on non-performing loans and improve the quality of our products and services.



A few of VietinBank's targets for 2012 are listed below :

Item	Unit	Target	% increase from 2011
Total assets	Billions of VND	550,000	19%
Charter capital	Billions of VND	30,000	48%
Total mobilized capital and borrowed funds	Billions of VND	500,000	19%
Total loans and investment	Billions of VND	520,000	21%
Of which : Loans	Billions of VND	343,000	17%
Investment	Billions of VND	177,000	30%
Before tax profits	Billions of VND	9,000	7%
Dividend		16%	
Key performance indicators			
ROE		18%	
ROA		1.5%-2%	
CAR		≥ 10%	
NPL ratio		< 3%	





REPORT OF THE BOARD OF MANAGEMENT

Report of the Board of Management

Business Environment in 2011

In 2011, the global economy had to cope with many difficulties. Japan was struck with natural disasters, an economic recession continued to threaten the US economy, and the public debt crisis persisted in Europe. The banking and financial system was put on alert and many of the world's top banks were downgraded by international credit rating agencies.

Vietnamese economy also faced numerous challenges, one of which was the high inflation rate that threatened the stability of the macroeconomic environment. However, with the implementation of a series solutions for curbing inflation, stabilizing the macro economy, and ensuring social welfare and responsibility in conformance to Resolution No. 11/NQ-CP dated 24 Feb, 2011 issued by the Government, by the end of 2011 the economy had achieved many positive results: GDP increased by 5.89%, total exports broke the record at USD 96.3 billion, trade deficit were kept under 10%, the inflation rate declined sharply over the last months of the year, social welfare was maintained, and overall stability of the macroeconomy was attained.

Assets growth

In 2011, VietinBank's total assets increased by 25%, total mobilized funds increased by 24%, total investments and loans increased by 23% compared to 2010.

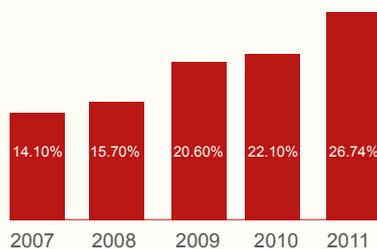
Assets growth



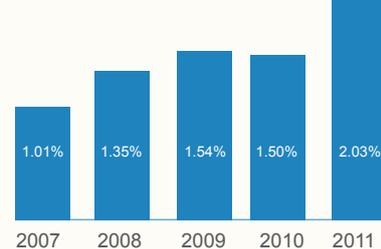
Profitability

Although in 2011 the business environment faced many difficulties and the interest rates and exchange rates fluctuated substantially, the profitability indicators of VietinBank were still positive. Profits before tax were VND 8,392 billion, an increase of 81%, equating to 165% of the target set.

ROE



ROA

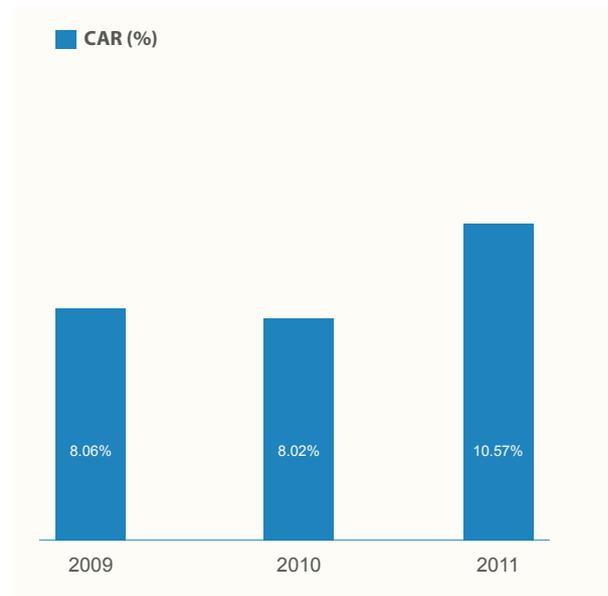


Liquidity

The liquidity indicators such as lending ratio from mobilized funds, maximum percentage of short term funds for medium - long term lending, ratio of capital contribution for share purchase, the foreign currency position are maintained at levels regulated by the State Bank.

NPL

In 2011, VietinBank continued to implement measures to improve asset quality, diversify its credit portfolio, set credit limits, closely monitor all stages of the credit granting process in an effort to detect and prevent credit risk in a timely fashion, as well as to reduce its NPL ratio. As of 31 December 2011, bad debts amounted to VND 2,204 billion, accounting for 0.75% of total loans.



Changes to shareholders' equity/ contributed capital

Indicators	Ratio	Value (in VNDs)
1. 2011 year beginning charter capital		15,172,291,210,000
2. Private placement to IFC and IFC Capitalization (Equity) Fund	10%	1,685,810,130,000
3. Additional placement to existing shareholders in 2011	20%	3,371,620,270,000
Charter capital as of 31 December 2011		20,229,721,610,000

- Total common stock: 2,022,972,161 shares.
- Outstanding stock: 2,022,972,161 shares.
- Reserve stock, treasury stock: 0 shares.

Business Performance Results in 2011

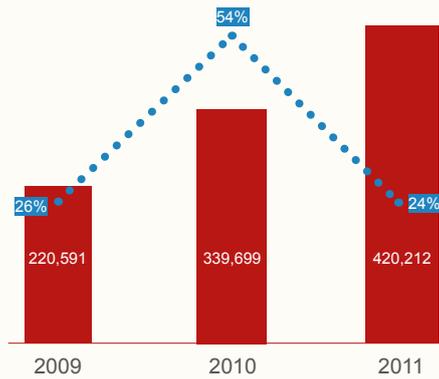
Business Performance Results in 2011

Mobilizing funds

Taking into account 2011's high inflation rate, the State Bank of Vietnam issued policies to lower interest rates and stabilize macroeconomic conditions, such as those stipulated in Circular no. 14/2011/TT-NHNN aimed at curbing the ceiling USD deposit rate, Circular no. 13/2011/TT-NHNN which requires the selling of foreign currency deposits balances of major state-owned corporations, and Resolution no. 1209/QD-NHNN which regulates an increase in the compulsory reserve ratio for credit organizations. These decisions, along with economic difficulties faced by Vietnam and other countries, heavily impacted the fund mobilization operations of commercial banks.

Despite a plethora of difficulties, VietinBank continued to maintain its stable growth rate, focusing on securing liquidity and adhering to the State Bank's regulations. Mobilized funds balance (including borrowing) at the end of 2011 was VND 420,212 billion, an increase of 24.5% compared to 2010, and representing 103% of the target proposed at the General Shareholders' Meeting. VND Funds mobilized in VND were VND 348,000 billion, constituting 83% of total funds mobilized. Funds mobilized in foreign currencies were equivalent to VND 72,000 billion. VietinBank's market share for mobilizing funds is approximately 11%.

Size and growth of Fund mobilization



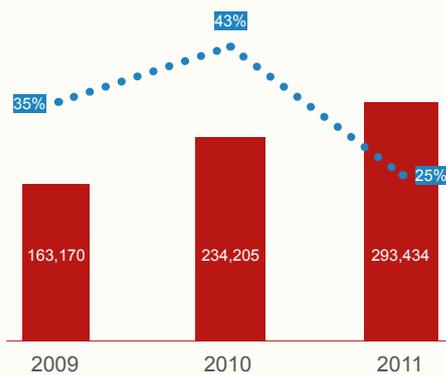
The above achievements are a result of the thorough and consistent implementation of such solutions as: fund balancing, diversification and improvement of banking products and customer service. VietinBank was thus able to access large and long-term sources of financing by means of different channels such as large domestic and foreign entities.

Funds Utilization

To achieve sustainable and efficient growth, VietinBank started to change its credit model so that risk management complies with international practice. The funds utilization activities are flexible, yet safe and efficient. At the end of 2011, total loans and investments were VND 430,359 billion, an increase of 25% compared to the beginning of the year.

Credit activities

Size and growth of credit

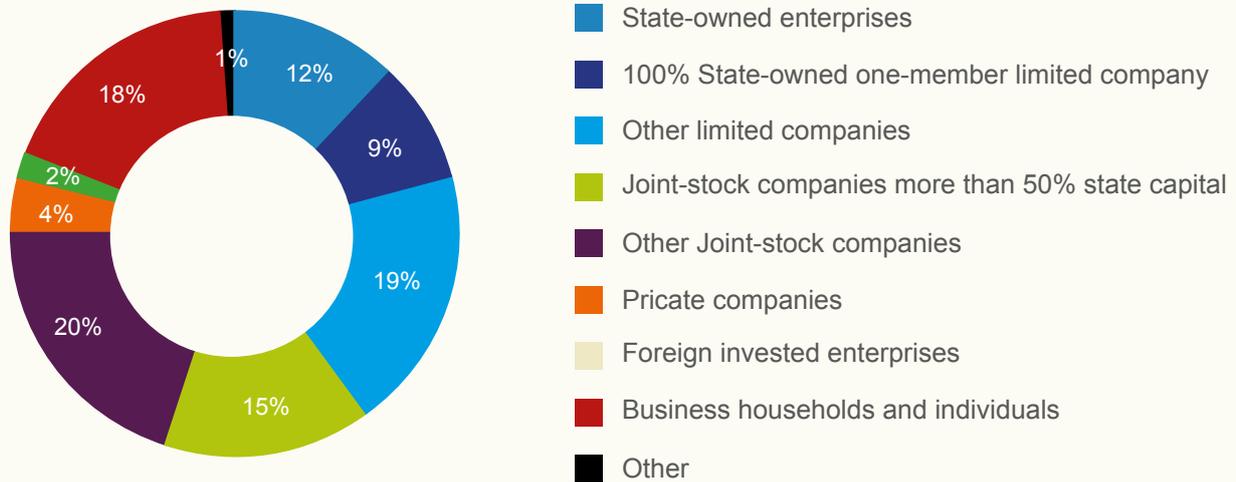


Total outstanding loans as of 31 December 2011 were VND 293,434 billion, an increase of 25% compared to the beginning of the year. Funding was utilized efficiently and allocated mainly for several major industries, which are critical for the economy and have growth potential, such as electricity, petro and gas, telecommunication, cement, steel, coal and mineral, etc.

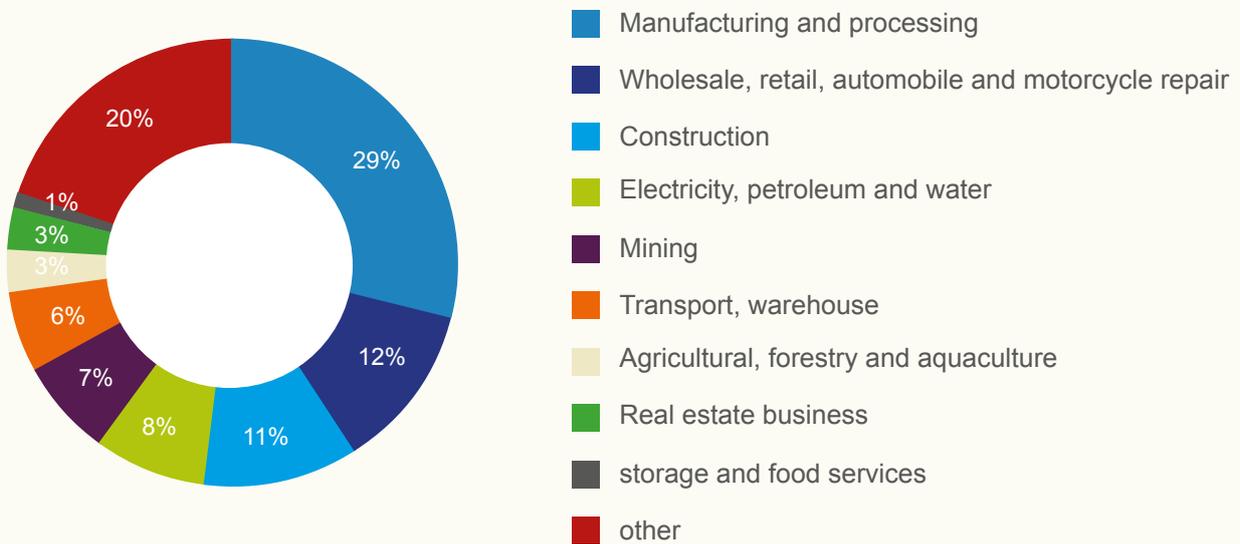
VietinBank was the leading bank in implementing many credit programs with favourable conditions for several industries under the Government's incentives, including loans to exporters, SMEs, rural economic development and supporting industry (with a total share of 30% out of the loan portfolio) whereas non-manufacturing loans were below 8.5%.

Business Performance Results in 2011

Loan structure by customer type



Loan structure by industrial sector

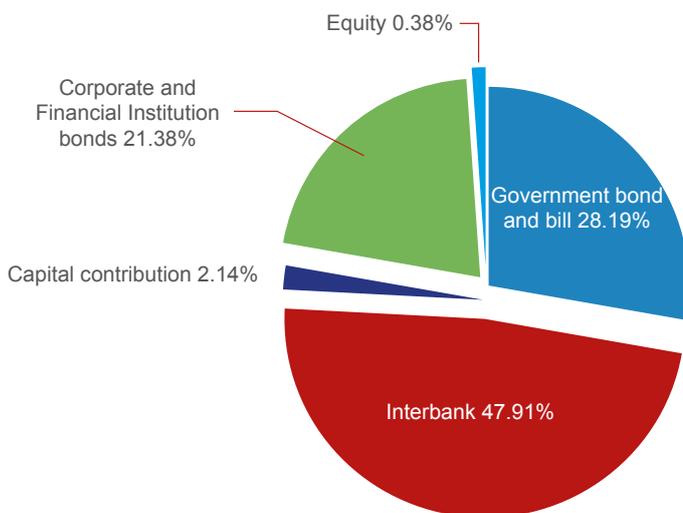


To balance funding, VietinBank focused on short term loan growth (constituting over 60% of total loans) and on the tight control of foreign currency loans in accordance with the regulations of the State Bank of Vietnam (where foreign currency loans account for roughly 18.4%). Asset quality was well managed, with a non-performing loans ratio of 0.75% of total outstanding loans.

Investment

VietinBank continued to manage its investment portfolio to increase profitability, and to sustain liquidity throughout the whole system. At the end of 2011, the scope of investment activities was VND 136,680 billion, an increase of 19% in comparison to the beginning of the year and constituting 30% of total assets. During the year, VietinBank continued to offer diversified investment products such as interest options, interest swaps, cross currency swaps, addressing the needs for interest risk and foreign exchange risk management of both the Bank and its customers.

Investment of portfolio at VietinBank



At the end of 2011,
investment balance was

136.68

VND trillion

Investment Portfolio Structure for 2011

Interbank activities

As at 31st December, 2011, investment on interbank market reached almost VND 65.5 trillion, an increase of 28% compared to 2010. VietinBank always maintained good liquidity, simultaneously providing liquidity and supporting the market.

Bond/Valuable paper investment (equity securities)

Total investment balance at the end of 2011 was VND 67.8 trillion, a 9.6% increase in comparison to 2010 year end. VietinBank always maintained a large amount of government bonds as a secondary reserve for liquidity and capital investment for big projects, contributing to economic development in 2011.

Joint-venture capital investment and contribution activities

As at 31st December 2011, total investment in joint venture companies, affiliates, and other long term commitments was VND 2,924 billion, a 53.8% increase compared to 2010.

Business Performance Results in 2011

Banking Services

Payment

Domestic payment

In 2011, total domestic payment exceeded 15.4 million transactions with total transacted amount of VND 8.1 quadrillion (increased by 64% compared to 2010). Remittance transactions amounted to 14.6 million, with transacted amounts of VND 7.4 quadrillion (one and half times the previous year's figure). The service fees for domestic payment equated to VND 484 billion, a 26% increase compared to 2010.

International payment and trade finance

International payment volume was in excess of USD 28 billion, a 63% increase compared to 2010. Market share was 14% of total trade balance nationwide. Service fees were VND 599 billion, a 30% increase compared to 2010.

Foreign exchange trading

While the foreign exchange market underwent complicated fluctuations, VietinBank implemented several solution packages, which were comprehensive and flexible, to stabilize and expand the trading sources to meet customers' needs and to ensure business efficiency. VietinBank purchased USD 5.1 billion in foreign currencies over 2011, an increase of more than 30% compared to 2010, and sold more than USD 6 billion, an increase of 20% compared to 2010.

Overseas Remittance

Up to the end of 2011, the total volume of overseas remittance through VietinBank's network was almost USD 1.3 billion with more than 360,000 transactions, an increase of 16% compared to 2010. In December 2011, VietinBank opened VietinBank Global Money Transfer Company to provide remittance services and other individual-to-individual money transfer services between Vietnam and other countries and within each foreign country... The founding of this Company shall be an important milestone in VietinBank's overseas remittance operation.

Domestic payment amount of
VND 8.1 quadrillion

Increased 64%

International payment volume was in excess of
USD 28 billion

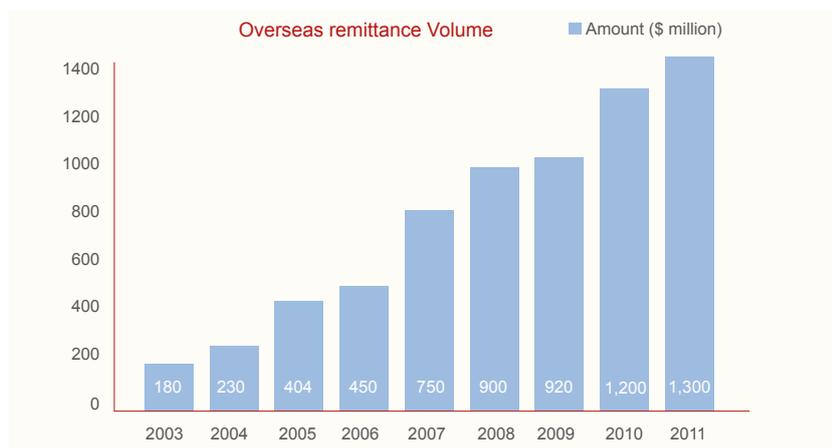
Increased 63%

Foreign exchange trading
USD 11.1 billion

Increased 25%

Overseas remittance was
USD 1.3 billion

Increased 16%



Card service and E-banking service

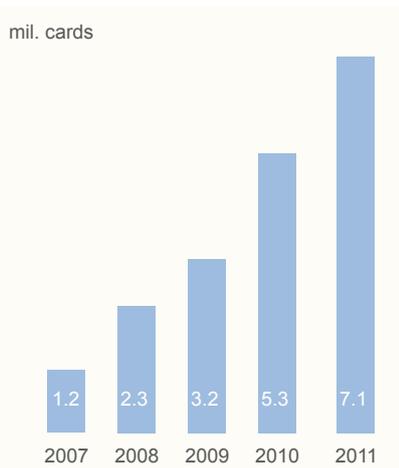
Card service

In 2011, VietinBank led the market in terms of ATM card and credit card services and POS merchants. The total number of debit cards in circulation domestically was more than 7.1 million – accounting for 21% of the market share; the number of credit cards was 211,000, constituting 30% of the market share. There were more than 12,000 VietinBank POS, which translate to a market share of 20.7%. For each type of card, VietinBank continued to cooperate with large domestic partners and foreign partners and pioneered a non-stop toll fee collection service.

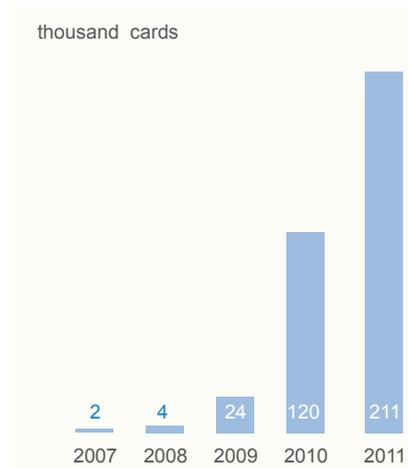
E-banking service

E-banking service in 2011 saw positive changes in both the quantity of customers and the frequency of use, such as in the services of VietinBank At Home and notice of balance change. Furthermore, transacted amounts through online channels increased remarkably.

Number of debit cards



Number of credit cards



Business Performance Results in 2011

Risk Management, Internal Controllers, Internal Audit

Risk Management

Credit risk management

Despite an economy in difficulty and sharp increases in NPLs across the whole banking system, VietinBank was one of the few banks to maintain a low NPL ratio of 0.75%. VietinBank implemented credit policies in response to macroeconomic changes and the State Bank of Vietnam's directives, credit control principles were tightened.

Interest rate risk and liquidity risk management

The management of interest rate and liquidity risks was often improved upon to conform to international standards and to increase efficiency in risk management, especially in light of the fluctuations in domestic and global markets.

Market and operational risk management

All documents and policies relevant to operational risk were standardized. Anti-money laundering and anti-terrorism financing measures are implemented in accordance with regulations. Forecasts and analyses were adjusted for changes in the global and domestic markets, and provided information for business decision making.

Internal Controllers and Internal Audit

Internal Controllers

As the highest, last controllers of risk management, the Internal Controllers coordinated investigation groups to conduct comprehensive and investigations at all branches to promptly detect errors in different operations or any flaw in the corporate governance of some branches for appropriate and timely measures and intervention to ensure compliance and operational risk prevention.

Internal Audit

The work of the Internal Auditors is augmented and done in coordination with State Auditors and other independent auditors to ensure that financial statements are issued on time and in compliance with all regulations.

Other operational aspects

Remuneration

Business target assigning mechanism and salary multiplier continued to be improved, attached directly to the performance of assigned targets of each business or operational unit.

Network management

VietinBank focused on developing its overseas network and improving the quality of the existing domestic units, enhancing efficiency and productivity for the whole system. In

September 2011, VietinBank opened a branch in Frankfurt (Germany), thus becoming the first Vietnamese commercial bank to open a European branch. In February 2012, VietinBank opened its Branch in Vientiane, Lao PDR.



With regard to its domestic network, VietinBank opened 26 new transaction offices and savings bureaus, increasing the total number of operating units in the system to 1,123. Two subsidiaries were established, namely VietinBank Global Money Transfer Company and VietinBank Aviva Life Insurance Joint Venture Company.

Information technology and Core banking modernization

VietinBank further improves and develops its information technology systems as the basis for the comprehensive modernization of management and administration in line with international standards. With IBM's consultation, the overall strategy for information technology for the period 2011-2015 including 19 operational modules is promptly implemented as follows: (i) **Core projects** (replacing the current Core Banking, the Core Banking deployment in Germany), (ii) **Infrastructure projects serving business** (Treasury, CRM, LOS - Loan Origination System, etc.), (iii) **Projects of enhanced management and supervision capacity** (Funds transfer pricing program - FTP; Enterprise Resource Planning; etc.) and (iv) **Technology projects** (deployment of SOA - Service Oriented Architecture, Management of enterprise database, etc. This is the foundation to enhance VietinBank's competitiveness in the context of increasing domestic competition and facilitating international integration. The works of implementing and monitoring modernization projects are standardized and applied in conformance to international standards for project management.

The IT systems are constantly upgraded to support the development of technologically advanced products and services to improve competitiveness and productivity, increase utility for users, enhance monitoring ability and control operations.

Business Performance Results in 2011

Communication and brand name promotion

During the year, VietinBank cooperated with television channels and news agencies. VietinBank and Voice of Vietnam (VOV) signed a comprehensive agreement to enhance cooperation in broadcasting information. VietinBank also sponsored important events such as the 44th ADB annual meeting, major meetings, major exhibitions, etc. VietinBank's website was continually upgraded with new information on the Bank and its new interface helped deliver E-banking services to customers.

Capital construction

With an ambition to turn VietinBank into a modern and competitive financial organization, VietinBank implemented 29 new projects and completed 24 important projects. In particular, the recently opened Branch in Frankfurt began operating and other Branches in Berlin and Laos were being furnished so that they would be ready for operations by February 2012. Construction of major projects such as the VietinBank Towers in Ciputra (in Hanoi), VietinBank office at 25 Ly Thuong Kiet (in Hanoi), School for human resources training and development in Van Canh (in Hanoi), etc, continued to progress as planned.

Reward for competition

Reward for competition within the system is implemented regularly and proves to be efficient, providing impetus for individuals and groups to make their best efforts. During the year, VietinBank was granted 30 medals to individuals and groups, including 1 first class medal, 1 second class medal, and 28 third class medals, together with many merit certificates and flags from the Prime Minister and State Bank of Vietnam, from Ministries and Departments. VietinBank and Chairman Pham Huy Hung had the honor of being awarded for great achievements in poverty reduction and social welfare by the Prime Minister and the Ministry of Labor, Invalids, and Social Affairs.





Charity works and social welfare

Carrying on its longstanding tradition, VietinBank is the leading corporation in contributing to charity, social security and responsibility and gratitude in many regions throughout the country. With total funding of nearly VND 1,500 billion from 2007 to now, in which only 2011 is VND 664 billion, VietinBank together with localities have actively performed social security and responsibility, gratitude, poverty reduction, taken care of Vietnam hero mothers and wounded comrades, supported funds for Veteran groups, Youth volunteers, associations, unions, farmer associations, poor women doing business, built houses for the poor, cared for orphans, victims of orange poison, and supported Japanese people affected by natural disasters, and Libya people, etc. These are practical and humane works, expressing the sense of responsibility and a dominant culture of an enterprise that holds an influential position in the community and society.

Development Plan for 2012



Speed up equitization to increase shareholders' equity

VietinBank continues the plan to increase shareholders' equity to ensure safety ratios in accordance with regulations and in line with the Bank's growth rate. The Bank will finalize and complete negotiations with a second foreign strategic partner in 2012 and increase its charter capital through share dividend distribution.

Apart from stepping up financial resources, VietinBank will strengthen technical cooperation with the foreign strategic shareholder to improve corporate governance, risk management, develop products, services and technology, and expand international cooperation and partnership.

Increase assets size and market share

VietinBank's overall objective in 2012 is to accelerate funding growth and restructure funding towards increasing middle and long-term liabilities and floating interest rates to limit interest rate and liquidity risks.

Lending

VietinBank will focus on improving governance capacity, tightening credit disciplines, supervision and control, monitoring credit risks and operational risks, to strictly limit new bad debts. The Bank successfully implemented its credit granting model transformation with the direction of centralized risk management in accordance with best practices.



Investment

VietinBank continues to implement growth targets together with diversifying its investment portfolio to effectively manage liquidity and interest rate risks and maximize profitability. The Bank will expand investment and funding to international markets aimed at issuing USD 500 million of its international bonds in 2012. VietinBank will also continue to develop new investment products such as derivatives and structured products, apply methods of investment portfolio management, modern and professional management techniques based on the new Treasury system, which is expected to put into official operations in 2012.

Fee based services

- [Card services](#)

To further develop VietinBank's key competitive services such as toll collection service, automatic collection of hospital charges and school fees via cards, striving to make VietinBank's card products and services to obtain major market share on all sections of the card business. In 2012, the Bank will take necessary procedures to establish a card service subsidiary of VietinBank.

- [Overseas remittance](#)

After VietinBank Global Money Transfer Company officially commences its operations, the Company will develop new remittance channels, focusing on export labor markets and overseas Vietnamese, accelerate deployment of new products such as online

Development Plan for 2012

overseas remittance via internet and via mobile phone, expand payment networks and develop more sub-agents, improve technology so that the remittance transactions are processed automatically at the highest fast, safe and effective level.

- **Payment services**

The Bank will continue to improve payment capacity to ensure simplified rapid and smooth payment process. Diversification of products and services is aimed to create more added values for customers.

Improve the quality of customer service

To increase competition, in 2012 the Bank will continue to focus on improving the service quality, including:

To develop KPIs and establish a unit which will closely monitors customer service quality in the entire Bank, to deploy customer relationship management (CRM) system in the near future, improve and develop the modern Contact Center, that provide accurate, consistent and quick information and advisory to customers to improve the banking service quality and enhance VietinBank's brand identity.

To focus on training and retraining, rotating staffs, ensuring that the employees know and understand VietinBank's services and customers' needs. The Bank will set up mechanisms that monitoring service quality of each business or functional unit.

Enhance risk management capacities

The overall objective is to ensure that every business unit comply with VietinBank's procedures and regulations, a culture of risk prevention and risk governance in all activities of each unit, especially moral risks shall be paid attention and continue to be improved in 2012 by following measures:

Change the internal control and supervision model under 3 levels across the country (Head Office, Regional, and Local), consolidate human resources, strengthen strict supervision over the whole system, pay on-site inspection to specific branches in order to prevent, detect violations and impose strict penalties against violating individuals or units that cause damage to VietinBank.

Review regulations, procedures to ensure coherence, promote the optimal role of independent monitoring level under international practice and ensure compliance in all operations or business processes; speed up risk

management modules such as internal credit ratings assets - liabilities management (ALM), etc. to improve risk management capacity in line with international practice.

Restructuring organization model and remuneration mechanism

To speed up restructuring organization model by forming business groups: wholesale and retail, treasury group, operational group, supporting group, risk management group, etc. in accordance with international practice. Separate duties between divisions to ensure the cross supervision in all business and operational activities.

Further actively restructure and consolidate human resources and managerial staffs in all levels to meet business requirements and targets in the new market environment. Add more skilled and competent staffs through centralized recruitment to look for key staff. Upgrade and implement successfully and effectively the performance management and grading program and the staff management program - PeopleSoft.

In 2012, the new remuneration mechanism will be completed and applied, including the work description system, develop key performance indicators (KPIs) and salary structure in line with international practices to ensure transparent and fair income policies, continue doing research and applying other welfare policies to ensure remuneration policy and incentive mechanism in order to motivate employees to strive wholeheartedly and devote to VietinBank.

Reinforce and expand business network

Apart from strengthening and consolidating and improving the operational quality of units branches across the country, in 2012 VietinBank continues to promote expansion into international markets by opening VietinBank branch in Berlin - Germany (in the second quarter 2012), later in the UK, Czech Republic, Poland. In the future, the Bank will continue doing research to expand its network into such potential markets as the Middle East, the Americas, etc.

Upgrade Information Technology and banking modernization

To accelerate the implementation of IT Strategy in the period of 2010 - 2015, the key planned modernization projects have been approved (new core banking project, deploying middle-ware (SOA) and other software systems, etc.); to improve the quality of project

management, ensuring compliance with procedures and overall management throughout projects to meet scope, schedule, performance and budget requirements for the strategic IT projects.

Continue upgrading IT infrastructure to support development of new technologically advanced products and services and to meet increasing requirements of customers; To establish the policy of Data Quality Management, to awake all of concerned branches or departments to strictly comply with quality assurance of reliable information for executive decision-making.

Invest in developing infrastructure and basic construction

To further accelerate key construction projects such as VietinBank Headquarter Tower in Ciputra, Head Office at 25 Ly Thuong Kiet street (Hanoi), 93-95 Ham Nghi (Ho Chi Minh city), etc. And quickly finalize other construction and renovation projects for branches, in order to create excellent infrastructure for the Bank to serve customers better. To finalize all procedures in purchasing office buildings for the operation of branches in Berlin - Germany and Myanmar, etc.

Improve communication, marketing and brand development

To comprehensively reform information communication and brand development. To design VietinBank overall communication strategy and brand development; The overall strategy will be consistent from communication methods, media, budget plans to raise prestige, and make VietinBank brand name remain deep and long in public, contributing to promote business, increase VietinBank's market share.







INFORMATION ON
SHAREHOLDERS
AND CORPORATE
GOVERNANCE

Board of Directors



Mr. PHAM HUY HUNG

Chairman of the Board of Directors

Mr. Pham Huy Hung was born in 1954 in Hanoi, Chairman of the Board of Directors of Vietnam JSC Bank for Industry and Trade.

He is a PhD in economics. He has been with VietinBank from the Bank's early days of establishment and devoted to the Bank's development for 24 years. Previously he worked at the Ministry of Finance and the State Bank of Vietnam. He held the following positions: Deputy Director for Administration Department, Deputy Director for Credit Department, Director for Cash and Vault Management department of VietinBank; Branch Deputy Director, Branch Director of VietinBank Ba Dinh Branch; Deputy General Director, Chief Executive Officer, the Board member and General Director of VietinBank.

In 2011, he was elected member of the National Assembly and had the honor of receiving awards of the Party and the State such as Merit of Prime Minister for individuals that contributing in arranging, innovating and developing SOEs for the period 2001 - 2010; Merit of Minister of Industry and Trade for personal achievements to boost exports in 2010; got in the Gold Table of "Vietnam Entrepreneurs" 2011; the award of «Vietnam Glory», and other awards.



Mr. NGUYEN VAN THANG

Board Member and Chief Executive Officer

Mr. Nguyen Van Thang was born in 1973 in Hanoi. He has a Master's degree in Economics. He began working at VietinBank in 1996 and has been devoted to the development of the Bank for 16 years. He has held the following positions: Secretary to General Director, Deputy Director for Administration Department, Deputy Director for Corporate Banking Department, Director of Corporate Banking Department of VietinBank; Branch Director of VietinBank Hanoi Branch; the Board Member and Acting CEO of VietinBank. In December 2011, he was appointed Board Member and CEO of VietinBank.

Mr. CAT QUANG DUONG

Board Member

Mr. Cat Quang Duong was born in 1959 in Hanoi. He has Master's Degree of Finance and Banking. In February 2012, he was appointed Board Member of VietinBank. Throughout his career, he has held various positions such as: Deputy Manager of Credit Department, Manager of Credit Department of the State Bank of Vietnam. He is currently Deputy Director of Credit Department of the State Bank of Vietnam and the Board Member of VietinBank.



Ms. PHAM THI HOANG TAM

Board Member

Ms. Pham Thi Hoang Tam was born in 1958 in Ben Tre. She graduated from Ho Chi Minh Economics University, and currently holds a PhD Degree in Economics. She began working at VietinBank during the Bank's early days. She held various positions such as: Director for Credit Department, the State Bank of Vietnam - Ben Tre Branch, Deputy Director and Director in charge of VietinBank Ben Tre Province Branch; Deputy General Director of VietinBank; Deputy General Director of Mekong Housing Bank; In September 2006 she was appointed as the Board Member and Head of Supervisory Board of VietinBank. She is currently the Board Member of VietinBank.



Ms. DO THI THUY

Board Member

Ms. Do Thi Thuy was born in 1960 in Thai Nguyen. She has a PhD in Economics and was a lecturer at Hanoi Banking Academy. She began working at VietinBank since 1997. She held various positions such as: Deputy Director, Director for Short-Term Credit department, Director of Corporate Banking department of VietinBank; Branch Director of VietinBank Ba Dinh Branch; In August 2008, she was appointed as the Board Member of VietinBank. She is currently the Board Member of VietinBank.



Board of Directors



Ms. NGUYEN HONG VAN

Board Member

Ms. Nguyen Hong Van was born in 1969 in Hanoi. She has a Master's Degree in Banking and Finance. She began working at VietinBank in 1990. She has held various positions such as: Deputy Director for Planning department, Director for Planning and Investment department, Director for Planning and ALCO Supporting department; In September 2008, she was appointed Board Member of VietinBank. She is currently a Board Member of VietinBank.



Ms. NGUYEN THI BAC

Board Member

Ms. Nguyen Thi Bac was born in 1953 in Bac Ninh. She has a Master's degree in Law. In February 2012, she was appointed Board Member of VietinBank. Over the course of her career, she has held various positions such as: Lecturer in Law Faculty of Vietnam National University; Junior Supervisor, Senior Supervisor, Deputy Director, Director, Member of the Standing Committee of the Supreme People's Procuracy of Vietnam; Deputy Director of Law Committee, Member of the National Assembly (NA) at the XI NA; Senior officer of NA Office; Now, she is a lawyer of Hanoi Lawyer Association and a Board Member of VietinBank.



Mr. MICHAEL KNIGHT IPSON

Board Member

Mr. Michael Knight Ipson was appointed Board Member in May 2011. He was born in 1947 in the United States, and he is currently a Board Member at VietinBank. He has held various positions such as: Vice President responsible for correspondent banking and People's Republic of China companies in Hong Kong, as well as functioning as assistant to the Regional Manager for China, Hong Kong and Taiwan of Chemical Bank (Hong Kong); Chief Representative for the People's Republic of China of Chemical Bank (Beijing); General Manager of Chemical Bank Hong Kong Branch; Chief Executive of Chemical Asia Limited (the Asia merchant banking arm of Chemical Bank); Member of Chemical Bank global credit committee; Alternate Chief Executive, Executive Director, Executive Vice President of Corporate Banking of International Bank of Asia (IBA); Chairman of IBA Credit; Principle Banking Specialist of IFC- Beijing; Country Manager for China and Mongolia (IFC - Beijing); Consultant on East Asia (IFC - Washington, DC).

Supervisory Board

Ms. TRAN THI LE NGA

Head of Supervisory Board

Ms. Tran Thi Le Nga was appointed Head of Supervisory Board in July 2009 and was born in 1961 in Hanoi. She is currently Head of Supervisory Board of VietinBank. She has a Master's degree in Economics at National Economics University. She has been working at VietinBank since the Bank's early years. She has held various positions such as: Deputy Director, Director for Business department, Branch Deputy Director, Branch Director of VietinBank Chuong Duong Branch.



Ms. PHAN THI QUY

Member of Supervisory Board

Ms. Phan Thi Quy was appointed Supervisory Board Member in July 2009 and was born in 1954 in Bac Giang province. She is currently the Supervisory Board Member of VietinBank. She was a lecturer at Bac Thai Banking School, Dong Hy, Thai Nguyen Province and Banking School No. 4, Son Tay, Ha Tay Province. She began working at VietinBank in 1994, and served as Member of Internal Controllers department, VietinBank and Member of Supervisory Board for the BOD of VietinBank.



Ms. PHAM THI THOM

Member of Supervisory Board

Ms. Pham Thi Thom was appointed Supervisory Board Member in July 2009. She holds a Master's Degree in Banking and Finance, was born in 1969 in Ninh Binh and is currently Director for Accounting Policy Division, Finance and Accounting Department, the State Bank of Vietnam and the Supervisory Board Member of VietinBank. She held the following positions: Deputy Director for Accounting department, Director for Accounting department of Agribank Hanoi Branch; Deputy Director of Accounting Policy Division, Finance and Accounting Department of the State Bank of Vietnam.



Information on Shareholders and Corporate Governance

In 2011, VietinBank promulgated regulations such as Organization Regulations for the BOD and Supporting Committees which clearly define organizational structures, operation mechanisms, rules, regulations and working programs and standards, powers, duties, obligations, benefits of each member.

Board of Directors and Supporting Committees for the Board of Directors

The Board of Directors

The Board of Directors is the governing body of VietinBank, for a term of 5 years, with full rights and authority to make decisions and perform all rights and obligations related to the Bank's purposes and interests on behalf of VietinBank, excluding issues under the power of the General Shareholders' Meetings. The BOD's structure includes a Chairman and Members, who are responsible for governing VietinBank for shareholders' benefits.

Activities of Supporting Committees under the BOD

The Board of Directors establishes these following supporting committees and oversees their operations

- Human Resources and Remuneration Committee
- Risks Management Committee
- Policy Committee
- ALCO Management Committee
- IT Strategy Development Committee.

These Committees constantly support and consult the BOD on the implementation of the BOD's missions and powers and perform some tasks assigned by the BOD.

The Board of Directors specifies working mechanisms for the Committees, which include the following issues:

- Regular meetings of the Committees
- Extraordinary meetings of the Committees
- Decisions made by the Committees
- The BOD's approval mechanism for the Committees' proposals.

The Supervisory Board

The Supervisory Board works in accordance with its own organization and working rules with the basic principle: the Supervisory Board is the authority working independently with the BOD & the Board of Management, and representative for the General Shareholders' Meeting in supervising operations and legal compliance of the BOD & the CEO in managing and conducting VietinBank operations. The Supervisory Board takes all legal responsibilities for the GSM in performing its assigned rights and tasks.

Remuneration, benefits and expenses for Board Members and Supervisory Board Members

The BOD and the Supervisory Board receive salaries, bonuses and other benefits in accordance with VietinBank's current regulations on remuneration, bonuses and other welfare regimes.

Remuneration of the Board Members and the Supervisory Board Members in half charge is posted from expenses. In 2011, the actual remuneration of the BOD and the Supervisory Board is 0.25% of after tax profit (remuneration approved by the General Shareholders is 0.53% of after tax profit).

In 2011, the BOD and the Supervisory Board have shown high efficiency in corporate governance, contributing greatly to successful completion of the Bank's planned business targets.

Percentage of Share Ownership and changes in share percentages held by the Board Members

No.	Full name	Total shares	Percentage of share ownership
1	Pham Huy Hung	649,832,922	32.12268%
-	Personal representative	4852	0.00024%
-	Representative of State capital	649,828,070	32.12244%
2	Nguyen Van Thang	487,517,326	24.09906%
-	Personal representative	146,274	0.00723%
-	Representative of State capital	487,371,052	24.09183%
3	Cat Quang Duong	487,371,052	24.09183%
-	Representative of State capital	487,371,052	24.09183%
4	Pham Thi Hoang Tam	20,385	0.00101%
5	Do Thi Thuy	12,240	0.00061%
6	Nguyen Hong Van	2,742	0.00014%
7	Nguyen Thi Bac	0	0%
8	Michael Knight Ipson	0	0%
	Total	1,624,760,711	80.31552%

Information on Shareholders and Corporate Governance

Statistics on Shareholders

Details of representatives for the state capital contribution

Name of organization / individual	Address	Number of owned shares	Percentage of share ownership
The State Bank of Vietnam	49 Ly Thai To Street, Hoan Kiem, Hanoi	1,624,570,174	80.306%
In which:			
Mr. Pham Huy Hung Chairman of the BOD		649,828,070	40%
Mr. Nguyen Van Thang Chief Executive officer		487,371,052	30%
Mr. Cat Quang Duong Board Member		487,371,052	30%

Details of major shareholders

	Name of organization / individual	Address	Number of owned shares	Percentage of share ownership
1	The State Bank of Vietnam;	49 Ly Thai To Street, Hoan Kiem, Hanoi	1,624,570,174	80.306%
2	IFC and IFC capitalization (Equity) Fund	2121 Pennsylvania Ave., NW Washington, DC 20433	202,297,214	10%

Founding shareholder's capital contribution

No founding shareholders

Foreign shareholders' capital contribution

	Name of organization / individual	Address	Number of owned shares	Percentage of share ownership
1	IFC Capitalization (Equity) Fund	2121 Pennsylvania Avenue, NW, Washington, DC 20433 USD	135,954,358	6.721%
2	International Finance Corporation (IFC)	2121 Pennsylvania Avenue, NW, Washington, DC 20433 USD	66,342,856	3.279%
3	Other Foreign Shareholders		50,477,341	2.495%
	Total		252,774,555	12.495%

List of shareholders with restricted shares

	Name of organization/ individual	Total owned shares	Number of restricted convertible shares	Time period of restricting convertibility
1	State	1,624,570,174	1,624,570,174	As stated in the State laws
	Internal shareholders	233,126	233,126	
2	The Board of Directors	190,537	190,537	During the position term
	The Supervisory Board	42,589	42,589	
3	VietinBank Trade Union	44,366,417	26,800,000	Restriction
4	International Finance Corporation (IFC)	66,342,856	66,342,856	From 10 March 2011 to 10 March 2014
5	IFC Capitalization (Equity) Fund	135,954,358	135,954,358	From 10 March 2011 to 10 March 2014
6	Domestic strategic investors	29,495,337	20,324,580	3 years since the date of the VietinBank JSC Business Registration Certificate

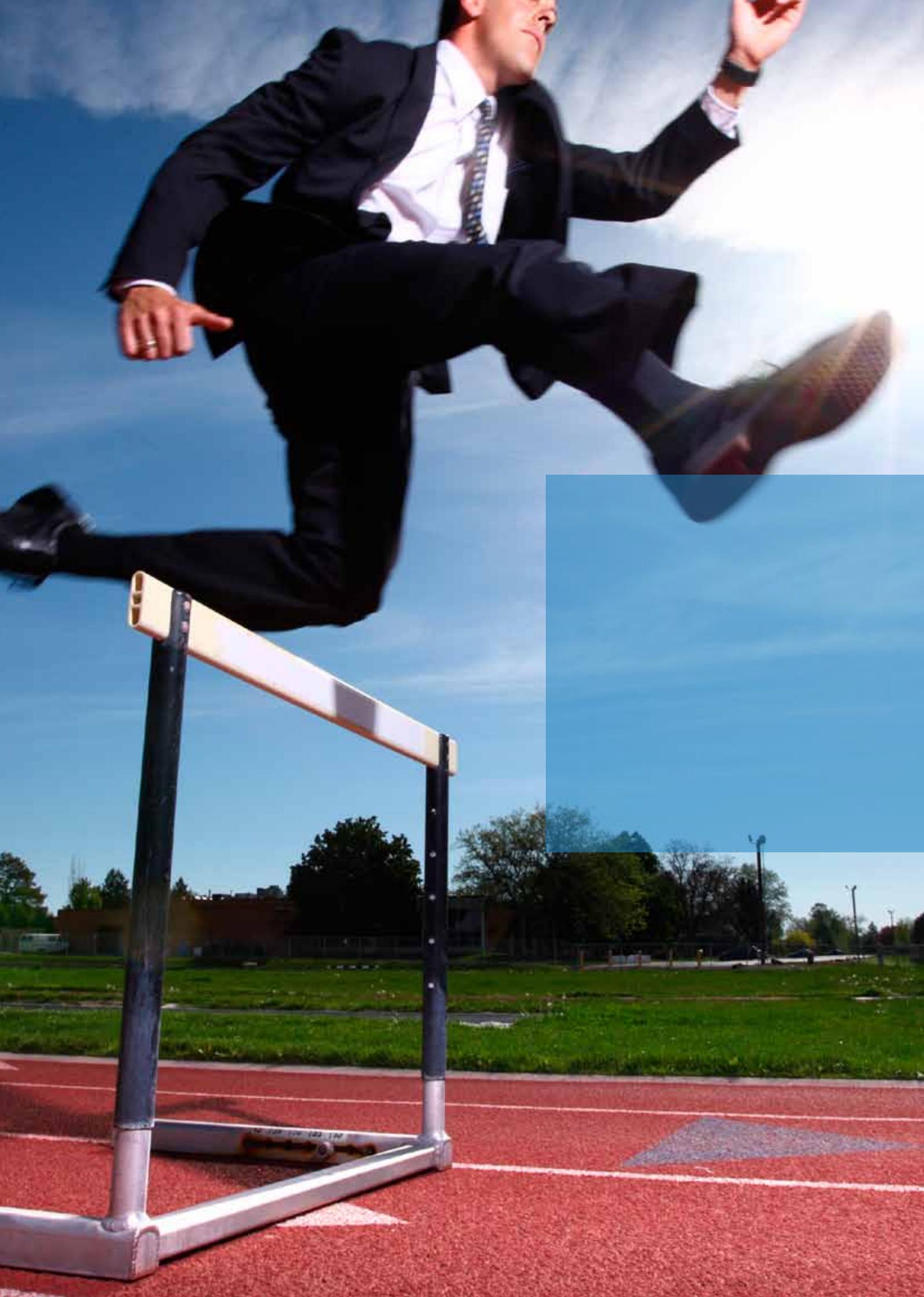
Additional Information

Information on CTG stock trading and other transactions of members of the Board of Directors, Board of Management, Supervisory Board and related people.

	Person performing transaction	Execution time	Type	Number of shares traded
1	Nguyen Thi Thu Hang Deputy General Director Nguyen Van Du's spouse	23-26 May 2011	Buy	12,000
2	Nguyen Thi Thu Hang Deputy General Director Nguyen Van Du's spouse	22 June 2011	Sell	12,000
3	Pham Anh Tuan Deputy General Director	15 December 2011	Sell	55,337 Right to purchase (equivalent to 11,067 new shares)

Number of members of Board of Directors, Supervisory Board, and Board of Management having certificate on corporate governance:

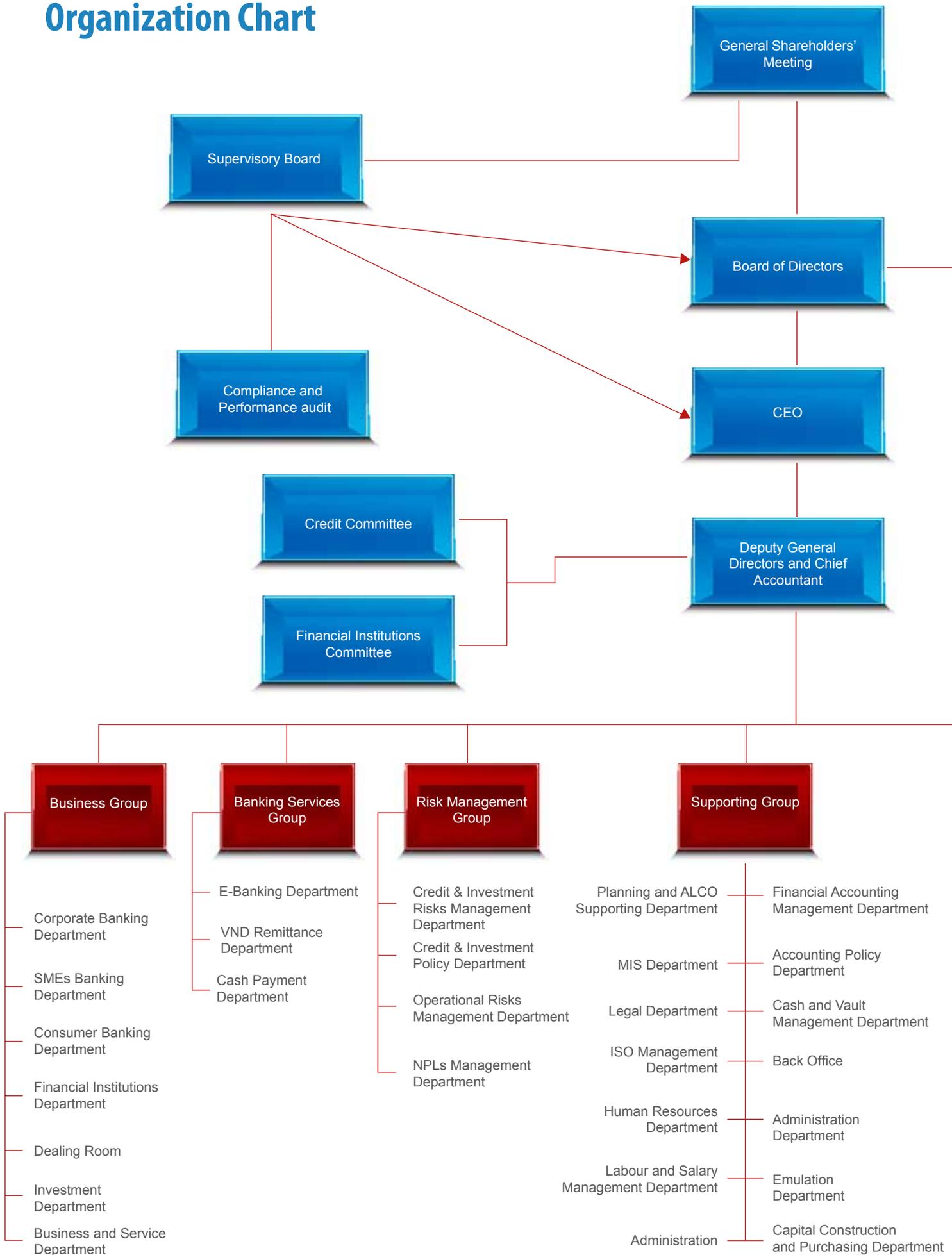
All members have passed courses in corporate governance.

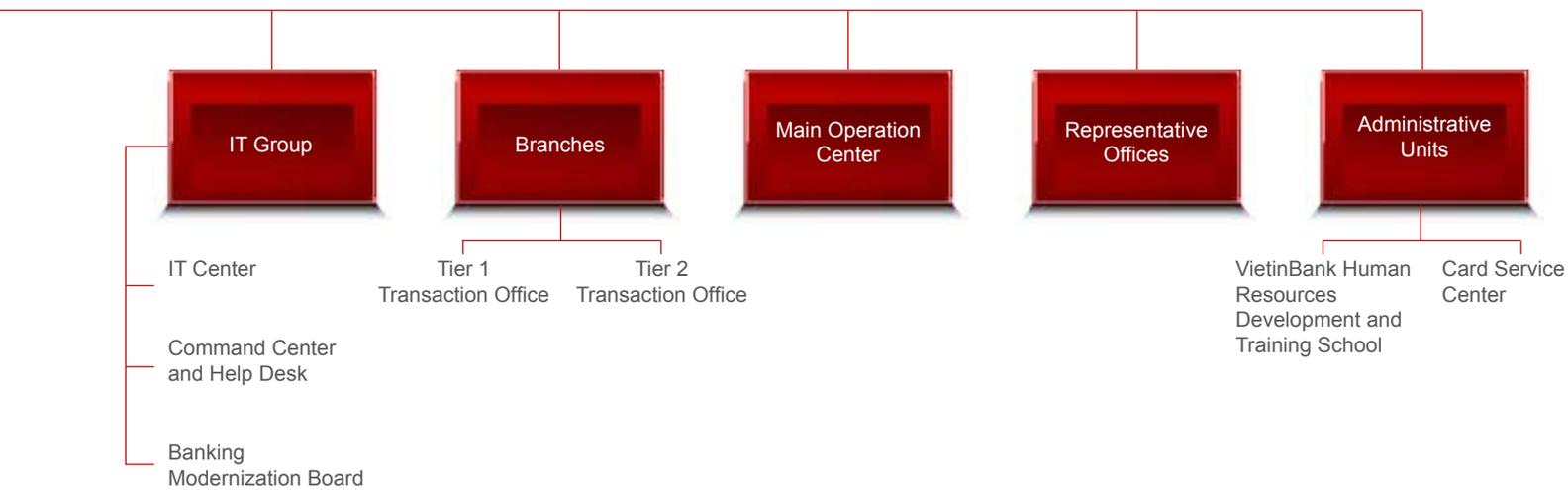
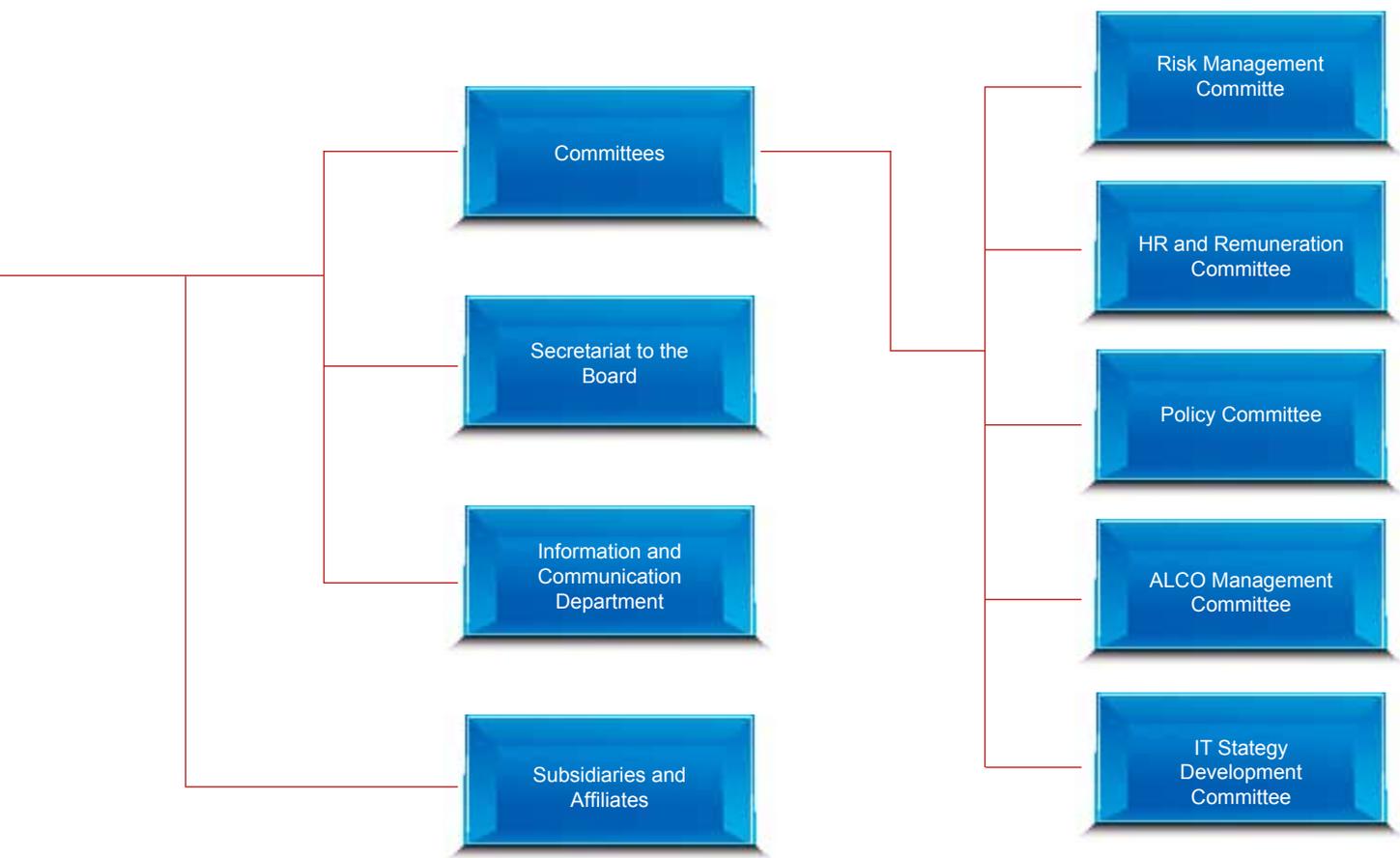




ORGANIZATION AND PERSONNEL

Organization Chart





Note:  Supervisory relationship

Board of Management



Mr. NGUYEN VAN THANG

Board Member and CEO

Mr. Nguyen Van Thang, 39 years old, who was appointed in December 2011, is currently a member of the Board of Directors cum CEO of Vietnam Joint Stock Commercial Bank for Industry and Trade.



Mr. NGUYEN VAN DU

Deputy General Director

Mr. Nguyen Van Du, 50 years old, Master of Economics, who was appointed in August 2008, is currently Deputy General Director of Vietnam Joint Stock Commercial Bank for Industry and Trade.

He started working at Vietnam Joint Stock Commercial Bank for Industry and Trade when the Bank first began operating and has contributed to the development of the Bank for the past 24 years. He has held the following positions: Deputy Director of Foreign Relations Department, Acting Director of Foreign Capital Raising Department, Director of Correspondent Banking Department, Director of Personnel and Training Department, VietinBank.



Mrs. BUI NHU Y

Deputy General Director

Mrs. Bui Nhu Y, 50 years old, Master of Economics, who was appointed in August 2008, is currently Deputy General Director of Vietnam Joint Stock Commercial Bank for Industry and Trade.

She has been working at VietinBank since 1990. In the past 22 years, she has held the following positions: Deputy Director of Investment Project Management Department, Deputy Director of Project management and medium-term credit Department, Director of Credit Management Department, Director of Credit Policy Department, Director of Corporate Banking Department.



Mr. PHAM ANH TUAN

Deputy General Director

Mr. Pham Anh Tuan, 46 years old, Master of Business Administration, who was appointed in August 2008, is currently Deputy General Director cum Director of VietinBank Information Technology Center.

He has been working at VietinBank since 1990. In the past 22 years, he has held the following positions: Deputy Director, Director of IT Department, Main Transaction Center II; Deputy Director of IT Department, Representative Office, Director of VietinBank Information Technology Center.



Mr. VO MINH TUAN

Deputy General Director

Mr. Vo Minh Tuan, 45 years old, Master of Economics development, who was appointed in April 2010, is currently Deputy General Director of Vietnam Joint Stock Commercial Bank for Industry and Trade.

He started working at Vietnam Joint Stock Commercial Bank for Industry and Trade since 1990. In the past 22 years, he has held the following positions: Deputy Head of International Settlement Department, Head of Financial Accounting Department, Director Manager of VietinBank Ho Chi Minh City Branch, Director of Branch No. 1.



Mr. LE DUCTHO

Deputy General Director

Mr. Le Duc Tho, 42 years old, Doctor of Economics, who was appointed in April 2010, is currently Deputy General Director of Vietnam Joint Stock Commercial Bank for Industry and Trade.

He has been working at Vietnam Joint Stock Commercial Bank for Industry and Trade for 21 years. He has held the following positions: Head of Evaluation team, Business Department of VietinBank Vinh Phu Branch; Deputy Director of Business Department, VietinBank Phu Tho Branch; Deputy Director of Planning Department, Deputy Director of General Planning and Investment, Director of Investment Department.

Board of Management



Mr. NGUYEN HOANG DUNG

Deputy General Director

Mr. Nguyen Hoang Dung, Master of Economics on Monetary Business, who was appointed in March 2011, is currently Deputy General Director of Vietnam Joint Stock Commercial Bank for Industry and Trade.

He started working at Vietnam Joint Stock Commercial Bank for Industry and Trade since the beginning of its operation and during the last 24 years, he has held the following positions: Deputy Director of Supervisory Department, Assistant to Director, Director of Personnel Department VietinBank Minh Hai Branch; Director of Business Department, Director of Ho Chi Minh City Transaction Office, Deputy Director, Director of VietinBank Ca Mau Branch; Executive Officer of VietinBank.



Mr. NGHIEM XUAN THANH

Deputy General Director

Mr. Nghiem Xuan Thanh, 43 years old, Master of Economics, who was appointed in January 2012, is currently Deputy General Director of Vietnam Joint Stock Commercial Bank for Industry and Trade.

He started working at Vietnam Joint Stock Commercial Bank for Industry and Trade since the beginning of its operation, and during 24 years he has held the following positions: Head of Accounting Department, VietinBank Phuc Yen Branch, Deputy Director of Administration Department, Secretary to General Director, Head of Secretary to the Board of Directors, Head of NPL Management Department, VietinBank; Thanh Xuan Branch Director, Dong Da Branch Director.



Mr. TRAN KIEN CUONG

Deputy General Director

Mr. Tran Kien Cuong, 48 years old, MBA, who was appointed in March 2012, is currently Deputy General Director of Vietnam Joint Stock Commercial Bank for Industry and Trade.

He has been working at Vietnam Joint Stock Commercial Bank for Industry and Trade since 1989. During 23 years he has held the following positions: Head of IT team, Deputy Director of Accounting Department – VietinBank Ha Bac; Deputy Director, Director of HR, Director of Accounting Department, Deputy Director, Director of VietinBank Bac Ninh Branch; Director of Personnel and Training Department of VietinBank.



Mr. NGUYEN HAI HUNG

Chief Accountant

Mr. Nguyen Hai Hung, 40 years old, Bachelor of Economics, who was appointed in June 2011, is currently Chief accountant of Vietnam Joint Stock Commercial Bank for Industry and Trade.

He started working at Vietnam Joint Stock Commercial Bank for Industry and Trade since 1991 and has contributed to the development of the Bank for the past 21 years. He has held the following positions: Deputy Director, Director of VND Remittance Department.

Interests of Board of Management

The policies on salary, bonus and other benefits, other welfare regimes are applied in accordance with the current regulations of Vietnam Joint Stock Commercial Bank for Industry and Trade. In particular, the remuneration of the members of the Board of Management and Executive Management are in the general salary fund of VietinBank and based on the position, job title associated with task completion. Besides, VietinBank also has appropriate remuneration mechanisms to encourage the efforts of the Board of Management and executive management for the development of VietinBank.

Personnel and Personnel Policy

As of 31 December 2011, the number of employees of Vietnam Joint Stock Commercial Bank for Industry and Trade was 18,622, the average for 2011 was 18,040 people (including employees of its subsidiaries, business units, representative offices). Employees working in Vietnam Joint Stock Commercial Bank for Industry and Trade system are entitled to receive wages, bonuses and remuneration policies as follow:

- Enjoy salaries and bonuses by job title and level of completion of assigned tasks. The salary payment is associated with title and efficiency and increase profits for the Bank (in reality the profit of VietinBank has increased over the years) and thus the average salary of employees are also increased. In 2011, the average salary of an employee was VND 20.78 million per person per month.
- Enjoy full insurance policy as prescribed by the State of Vietnam, ensuring the interests of employees upon retirement, sickness and maternity leave.
- Enjoy other preferential regimes:

- Ability is assessed for promotion, appointment; is assessed to receive reward for achievements.
- Costs of training to improve knowledge and professional capabilities are borne by the Bank.
- Enjoy welfare regime: Visit, vacation, Union support on family or personal illness, wedding, funeral.
- Retired employees are entitled to enjoy Social insurance and 03 months of salary before retirement; are entitled to enjoy annual health care and VietinBank pay for retirement activities.

Change of Members of Board of Directors, Supervisory Board, Board of Management, Chief Accountant in 2011

Members of Board of Directors

Full name	Position	Date of appointment / retirement
Mr. Nguyen Van Thang	Member of the Board	Date of appointment: 1 June 2011
Mr. Michael Knight Ipson	Member of the Board	Date of appointment: 31 May 2011
Mrs. Nguyen Thi Bac	Member of the Board	Date of appointment: 28 February 2012
Mr. Cat Quang Duong	Member of the Board	Date of appointment: 28 February 2012
Mr. Pham Xuan Lap	Member of the Board	Date of appointment: 03 July 2009 Date of retirement: 01 June 2011
Mrs. Tran Thi Hong Hanh	Member of the Board	Date of appointment: 03 July 2009 Date of resignation: 28 February 2012
Mr. Tran Xuan Chau	Member of the Board	Date of appointment: 03 July 2009 Date of resignation: 28 February 2012

Members of Board of Management and Chief Accountant

Full name	Position	Date of appointment / retirement
Mr. Nguyen Van Thang	General Director	Appointed Acting General Director on 01 June 2011 Appointed General Director on 26 December 2011
Mr. Nguyen Hoang Dung	Deputy General Director	Date of appointment: 15 March 2011
Mr. Nghiem Xuan Thanh	Deputy General Director	Date of appointment: 15 January 2012
Mr. Tran Kien Cuong	Deputy General Director	Date of appointment: 01 March 2012
Mr. Nguyen Hai Hung	Chief Accountant	Date of appointment: 01 June 2011
Mr. Pham Xuan Lap	General Director	Date of appointment: 03 July 2009 Date of retirement: 01 June 2011
Mr. Nguyen Viet Manh	Deputy General Director	Date of appointment: 04 April 2010 Date of resignation: 01 March 2012
Mr. Nguyen Van Thanh	Deputy General Director	Date of appointment: 03 July 2009 Date of resignation: 16 January 2012
Mr. Nguyen Van Chung	Chief Accountant	Date of appointment: 04 April 2010 Date of retirement: 01 June 2011







RELATED COMPANIES

Related Companies



Companies with more than 50% of shares held/capital contributed by VietinBank

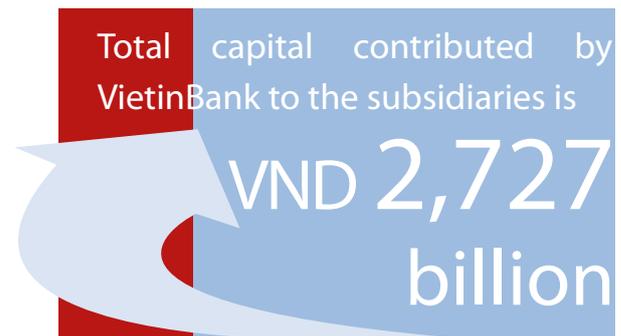
No	Name of company / investment fund / investment project	Ratio	Scope of activities
1	VietinBank Financial Leasing One Member Ltd. Company	100.00%	Banking and Finance
2	VietinBank Insurance One Member Ltd. Company	100.00%	Insurance
3	VietinBank Assets Deployment and Debt Management One member Ltd. Company	100.00%	Asset Management
4	VietinBank Fund Management One Member Ltd. Company	100.00%	Securities investment, fund management, securities portfolio management
5	VietinBank Gold and Jewellery One member Ltd. Company	100.00%	Manufacture, design, and trade in gold and precious metals and gems
6	VietinBank Global Money Transfer One Member Ltd. Company	100.00%	Overseas remittance, individual money transfer, payment of foreign currency which is not related to payment of import-export
7	VietinBank Securities joint-stock Company	75.61%	Capital Market
8	Indovina Bank	50%	Banking and Finance
9	VietinBank Aviva Life Insurance Limited Company	50%	Insurance

Investment in related companies

As of December 31st, 2011, VietinBank has in total 6 subsidiaries: VietinBank Financial Leasing Company, VietinBank Insurance Company, VietinBank Assets and Debt Management Company, VietinBank Fund Management Company, VietinBank Gold and Jewellery Company and VietinBank Securities Company; 2 joint venture companies: Indovina Bank, VietinBank Aviva Life Insurance Company; 01 affiliated company: Vietnam National Financial Switching Joint Stock Company.

Subsidiaries

Total capital contributed by VietinBank to the subsidiaries is VND 2,727 billion, an increase of VND 1,200 billion compared to 2010, consisting of VND 450 billion contributed to VietinBank Fund Management Company, VND 250 billion contributed to VietinBank Gold and Jewellery Company, VND 200 billion contributed to VietinBank Insurance Company, VND 300 billion contributed to VietinBank Financial Leasing Company. In 2011, VietinBank established the Global Money Transfer one member ltd. Company which is a 100% subsidiary of VietinBank.



Joint-venture companies

In 2011, the charter capital of Indovina Bank did not change and remained at USD 165 million, of which each partner held 50%. VietinBank Aviva Life Insurance Company was newly established and started its operations in October 2011 with a charter capital of VND 800 billion, each joint-venture partner contributed 50%. The total amount invested in joint-venture companies is VND 1,792 billion.



Affiliated company

Vietnam National Financial Switching Joint Stock Company provides card connection service, VietinBank contributed VND 15 billion, holding 11.9% the charter capital of the company.

Related Companies

Overview on Performance and Financial Status of Related Companies

VIETINBANK FINANCIAL LEASING ONE MEMBER LIMITED COMPANY

Introduction

The company is an independent accounting subsidiary of VietinBank, established under Decision No. 53/1998/QĐ-NHNN5 dated 26 January 1998 of the Governor of State Bank of Vietnam. Certificate of business registration No. 112446 issued by Hanoi Planning and Investment Department on 28 March 1998.

From August 2009, the Company got VietinBank and the State Bank of Vietnam's approval to switch to a financial leasing one member Ltd. Company model. The charter capital of the Company was VND 800 billion as at 31 December 2011.

Headquarters

16 Phan Dinh Phung - Ba Dinh - Hanoi

Business activities

Financial leasing to enterprises established under the law of Vietnam and directly use the leased assets for legitimate business purposes; consulting, guarantee for customers on the services related to financial leasing, performing other operations permitted by the State Bank of Vietnam.

Results

As at 31 December 2011, total assets were VND 1,931 billion. Total outstanding financial leasing were VND 1,636 billion, charter capital was VND 800 billion. Profit before tax reached VND 100.7 billion, equal to 123% compared to 2010 and by 92% of the plan. Profit after tax was VND 75.452 billion, equal to 123% compared to 2010.

Given that the domestic economy was affected by the economic crisis, the financial leasing companies in Vietnam operate inefficiently and the reputation of these companies is damaged. However, VietinBank Financial Leasing Company still maintained its mobilized capital, which reached VND 932.9 billion as at 31 December 2011 (besides the Company also introduced customer to deposit VND 100 billion at VietinBank). VietinBank Financial leasing one member Ltd. The Company is rated as one of the best companies by Vietnam Financial Leasing Association. During the year the Company signed 189 financial leasing contracts with total value of VND 913 billion.

VIETINBANK INSURANCE ONE MEMBER LIMITED COMPANY

Introduction

The company was formerly the Asia-Incombank Insurance Joint venture Company. This is a joint venture between VietinBank and Asia Insurance Singapore with capital contribution 50/50. It was established under the License No. 21/GP/KDBH dated on December 21st, 2002. On December 17th, 2008, Ministry of Finance granted adjustment License No. 21/GPDC5/KDBH to allow change the Joint venture Asia-Incombank Insurance Limited Company into VietinBank Insurance Company on the basis of VietinBank acquired the entire capital contribution of foreign partners in joint venture company, became a wholly owned subsidiary of VietinBank. On December 31st, 2011, current charter capital of 500 billion VND of the Company is 100% contributed by VietinBank.

Headquarters

141 Le Duan, Hoan Kiem, Ha Noi

Business activities

Non-life insurance products as prescribed by law, re-insurance business related to insurance products mentioned above, funds management, capital contribution, shares purchase, etc.

Results

Total assets of the Company were 704 billion VND. Profit after tax was 45.005 billion VND.

During the year 2011, the company enhanced the coordination with other VietinBank branches through the working and training program for more than 500 staffs; deployed insurance for major projects; made research of package products and banking products (insurance for private house, insurance for deposit accounts holder, insurance for social insurance card owners ...), supplement and strengthen human resources to attract people who acquired professional working experience and knowledge from the leading insurance companies for Head Office and branches, enhanced operation management and risk assessment to be centrally monitored by HO; Focus on the product meet customers' needs (especially the products for personal customers). In 2011, the Company has assessed and made settlement of compensation for about 2,877 cases which totaled the amount of insurance compensation more than 105 billion VND, the rate of compensation is 72%.

VIETINBANK ASSET AND DEBT MANAGEMENT COMPANY

Introduction

Introduction: operating under the Business Registration No. 416000331 dated on October 9th, 2008 by Planning and Investment Department of Ho Chi Minh City. Charter capital is 30 billion VND 100% supplied by VietinBank.

Headquarters

76 Nguyen Van Cu, District 1, HCM City

Business fields

Treceipt and management of unsettled debts and collateral related to bad debts, principal recovery and handling of collaterals, restructuring, buying and selling unsettled debts, etc.

Results

Up to December 31st, 2011, total assets reached 41.6 billion VND. Profits in 2011 reached 1.3 billion VND, increased 225% compared with 2010. Charter capital reached 30 billion VND.

In 2011, the Company has restructured organization, established operation groups of Business Department as follows: NPLs and collaterals group; evaluation group; asset deployment and management group. The legal representatives are changed in comply with relevant law. Vung Tau branch has been dissolved due to the inefficient operation. In 2011, the Company has signed 68 associated contracts with other branches of VietinBank which are related to assets evaluation, and valuation items reached 498 transactions, achieved 5,552 billion VND. Besides making profit, the Company supports other branches to resolve NPLs, collaterals while continue resolve assets collected from EPCO – Minh Phung under the court order.

VIETINBANK FUND MANAGEMENT ONE MEMBER LIMITED COMPANY

Introduction

Charter capital of VietinBank Fund Management One Member Limited Company is contributed 100% by VietinBank. It was established under the License No. 26 50/UBCK-GP dated on October 26th, 2010 of the State Securities Commission of Vietnam (SSCV). Current charter capital of the Company is 500 billion VND.

Headquarters

6th Floor, 34 Cua Nam Street, Hoan Kiem District, Hanoi.

Business fields

Establishment and management of securities investment fund, securities investment company, securities portfolio management, etc.

Results

Total assets: 550 billion VND (excluding entrusted investment of VietinBank). Profit before tax 56.8 billion VND. In December 31st, 2011, the charter capital reached 500 billion VND.

In 2011 the Company has successfully organized the opening ceremony of VietinBank Fund Management Company on January 10th, 2011 and basically completed the organization of the Company, complete the assigned tasks in preparing project proposal “Financial services for wealthy individual customers”, edit and merging with the proposal of Customer Banking Department, Building collaborative relationships with many prestigious partners, complete the capital raising plan up to 500 billion VND on March 25th, 2011. The Company has completed doing research a number of real estate projects and prepared investment plans

VIETINBANK GOLD AND JEWELLERY ONE MEMBER LIMITED COMPANY

Introduction

Charter capital of VietinBank Gold and Jewellery One Member Limited Company is supplied 100% by VietinBank. It was established under Decision No. 1521/QD-HDQT-NHCT1 dated on September 15th, 2010 of VietinBank Board of Directors, Business Registration No. 0105011873 dated on November 25th, 2011 of Planning and Investment Department of Hanoi. Current charter capital of the Company is 300 billion VND.

Headquarters

Level 11, Building No. 34 Cua Nam Street, Cua Nam Ward, Hoan Kiem District, Hanoi.

Business fields

Manufacture, design, import and export gold, gems, broker agency, trading introduction and promotion, e-commerce

Related Companies

services, technology transfer and real estate business, consulting, management, advertising real estate, etc.

Results

Total assets reached VND 349 billion. Profit after tax was VND 41.4 billion. Charter capital reached VND 300 billion.

In 2011, the Company has successfully organized the opening ceremony of VietinBank Gold and Precious Metals and Gems One Member Limited Company on January 10th, 2011 and basically completed the organization of the Company, organized opening ceremony showroom selling gold, silver and gems at Cua Nam, implement operation of import and export gold, trading gold.

VIETINBANK GLOBAL MONEY TRANSFER COMPANY - ONE MEMBER LTD. COMPANY

Introduction

VietinBank Global Money Transfer Company is 100% owned by VietinBank which was established under Decision No. 1356/QD-HDQT-NHCT1 dated December 16th 2011 of the Board of Directors of VietinBank and business registration No. 0105757686 dated November 25th 2011 of the Hanoi Planning and Investment Department. The Company's current charter capital is VND 50 billion.

Headquarters

Level 3, VietinBank's building at 126 Doi Can Street, Ba Dinh District, Hanoi

Key activities

Providing overseas remittance services and other individual money transfer services among Vietnam and other countries and within countries, making payment of foreign currency which is not related to the payment of import-export of commodities and services in accordance with applicable regulations and laws, including:

- Overseas money transfer to individuals in Vietnam
- Money transfer from individual in Vietnam to overseas
- Individual money transfer within the territory of Vietnam
- Individual money transfers between different countries and within countries;
- Foreign exchange services

Other remittance activities as permitted by law.

VIETINBANK SECURITIES JOINT STOCK COMPANY

Introduction

Established under Decision No. 126/QD-HDQT-NHCT1 dated 1 September 2000 of the Board of Directors of VietinBank, VietinBank Securities JSC operates under Securities trading license No. 07/2000/UBCK- GPHDKD dated 06 October 2000 and Adjustment License No. 156/UBCK-GP dated 10 October 2008 issued by the State Securities Commission. In April 2009, the Company successfully conducted IPO and transformed into joint stock company. On 31 July 2010, the Company's shares were officially listed and traded on Hanoi Stock Exchange with the trading code CTS. The charter capital after the transformation is VND 789.934 billion, 75.6% of which is held by VietinBank. As at 31 December 2011, VietinBank has invested VND 597 billion.

Headquarters

306 Ba Trieu Street, Hai Ba Trung District, Hanoi

Key activities

Business activities in securities field, including brokerage, proprietary trading, underwriting, investment advisory, financial advisory and securities custody.

Results

At the end of 2011, profits before tax reached VND 82.8 billion, equal to 101.47% of the assigned plan, ranked No. 5 in the most profitable Securities Companies in 2011 and No. 3 among high return on equity companies on the market. Total assets as at 31 December 2011 reached VND 1,484.86 billion, charter capital remained at VND 789.9 billion.

Identifying investment opportunities in the stock market would be difficult, so early in 2011 the Company focused on rationalizing funding, implementing the restructuring of listed stocks portfolio towards reducing investment ratio in listed stocks. Financial resources of the Company mainly focus on funding and supporting investors. Bonds repo operations have also been strengthened with high efficiency, the average interest rate is 22% per year. The Company signed more than 160 contracts amounted to VND 78 billion. The market declined 60% in trading value but brokerage fee reached VND 40.6 billion, which is equal to 80% of the target in 2011. Market share increased slightly from 1.44% in 2010 to 1.49% in 2011. The number of accounts increased in 2011 to 3,584 accounts. The quality of corporate finance advisory services of the Company is highly appreciated.

INDOVINA JOINT VENTURE BANK

Introduction

Indovina Limited Bank (IVB) is the first joint venture bank in Vietnam which was established on November 21st, 1990 under the license of the State Committee for Cooperation and Investment No. 135/GP and License No. 08/NH-GP issued by the State Bank of Vietnam dated on October 29th, 1992. The joint venture is VietinBank and Cathay United Bank (CUB) in Taiwan (a fully affiliated member of the Cathay Financial Group - the largest financial groups in Taiwan). On December 31st, 2011, the charter capital of IVB was 165 million USD, in which 50% held by VietinBank.

Headquarters

46-48-50 Pham Hong Thai Street, District 1, Ho Chi Minh

Business fields

provide banking services such as deposits, loans, card services, L/C, remittance, etc.

Results

On December 31st, 2011, IVB had total assets of 1,161 million USD, equivalent to 24,381 billion VND. Profits after tax amounted to 27 million USD, equivalent to 560 billion VND. The bank's charter capital was 165 million USD, equivalent to 3,400 billion VND.

VIETINBANK AVIVA LIFE INSURANCE LIMITED COMPANY

Introduction

VietinBank Aviva Life Insurance Limited Company is a joint venture between VietinBank and Aviva Group to exploit the field of life insurance in Vietnam market. It was established under the establishment and operation License No.64/GP/KDBH of Ministry of Finance. On December 31st, 2011, the charter capital was 800 billion VND, in which VietinBank held 50%, equivalent to 400 billion VND.

Head Office

Level 10, Tower B, Building Hadi Resco, No. 521 Kim Ma Street, Ba Dinh, Hanoi

Business fields

Life Insurance

Results

Profit after tax were 28.6 billion VND, total assets were 851 billion VND. Since the Company started operation in October, 2011, life insurance fee only reached 143 million VND.

VIETNAM NATIONAL FINANCIAL SWITCHING JSC

Introduction

Vietnam National Financial Switching JSC- is an independent accounting business which was established on July 9th, 2004 with the participation of eight founding shareholders including seven banks and Computing and Data Transmission Company. The founding shareholders are:

- Vietnam Bank for Agriculture and Rural Development (VBARD)
- Bank of Investment and Development of Vietnam (BIDV)
- Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank)
- Computing and Data Transmission Company (VDC)
- Asia Commercial Bank (ACB)
- Dong A Commercial Joint Stock Bank (DongA Bank)
- Saigon Bank for Industry and Trade (SAIGONBANK)

Currently VietinBank has invested 15 billion VND, equivalent to 11.9% of corporate charter capital.

Head Office

Level 5, Building C3, Giai Phong Street, Phuong Liet Ward, Thanh Xuan Dist., Ha Noi

Business fields

Carch switching activities.

Results

On December 31st, 2011, total assets reached VND 165 billion. In 2011, profit after tax reached VND 19.37 billion. On December 31st 2011, Charter capital reached VND 126 billions.





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GENERAL INFORMATION

CORPORATE INFORMATION

Vietnam Joint Stock Commercial Bank for Industry and Trade (herein referred to as “VietinBank” or “the Bank”) is a Vietnamese Joint Stock Commercial Bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established from the equitization of the Vietnam Bank for Industry and Trade – a state-owned commercial bank which had been established in accordance with Decision No. 402/CT dated 14 November 1990 by the President of the Ministerial Council and subsequently re-established into a state-owned corporation in accordance with Decision No. 285/QĐ-NH5 dated 21 September 1996 by the Governor of the State Bank of Vietnam (“the SBV”). On 25 December 2008, the Vietnam Bank for Industry and Trade successfully undertook its Initial Public Offering.

The Bank was equitized and renamed into Vietnam Joint Stock Commercial Bank for Industry and Trade on 3 July 2009 under the License of Establishment and Operation No. 142/GP-NHNN dated 3 July 2009, issued by the State Bank of Vietnam and the Certificate of Business Registration No. 0103038874 dated 3 July 2009 issued by Hanoi Planning and Investment Department. The Bank has successfully undertaken its Secondary Equity Offerings (SEOs) to raise capital in 2010 and 2011. On 28 December 2011, Hanoi Planning and Investment Department issued the Business Registration No. 0100111948 as a replacement for the previous Certificate of Business Registration No. 0103038874.

The Bank’s main activities are to provide banking services including mobilizing and receiving short-term, medium-term, and long-term deposits from organizations and individuals; making short-term, medium-term, and long-term loans and advances to organizations and individuals based on the nature and capability of the Bank’s sources of capital; foreign exchange transactions, international trade financial services, discounting of commercial papers, bonds and other valuable papers, and providing other banking services allowed by the SBV.

The Head Office of the Bank is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. At 31 December 2011, the Bank has one (1) Head Office, one (1) Operation Center, three (3) administrative units, three (3) representative offices and one hundred fifty one (151) main branches (including 2 oversea branches in Germany and Laos), eight hundred and ninety nine (899) transaction centers, and forty nine (49) saving counters located in sixty three (63) cities and provinces all over Vietnam.

As at 31 December 2011, the Bank has six (6) subsidiaries as follows:

No.	Name	Established in accordance with Decision No.	Business sector	% of ownership held by the Bank
1	Vietinbank Leasing Company Ltd.	0101047075/GP dated 10 March 2011 by Hanoi Planning and Investment Department	Banking & Finance	100%
2	Vietinbank Securities Joint Stock Company	107/UBCK- GP dated 1 July 2009 by State Securities Commission of Vietnam (SSC)	Capital Market	76%
3	Vietinbank Debt Management and Asset Exploitation Company Ltd.	0302077030/GP dated 20 July 2010 by Department of Planning and Investment of Hochiminh City	Asset Management	100%
4	Vietinbank Insurance Company Ltd.	21/GPDC6/KDBH dated 21 April 2009 by Ministry of Finance	Non-life Insurance	100%
5	Vietinbank Gold and Jewelry Trading Company Ltd.	0105011873/GP dated 25 November 2010 by Hanoi Planning and Investment Department	Gold and Gemstones Manufacturing and Trading	100%
6	Vietinbank Fund Management Company Ltd.	50/UBCK-GP dated 26 October 2010 and 05/GPDC-UBCK dated 23 March 2011 by State Securities Commission of Vietnam (SSC)	Fund Management	100%

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

The members of the Board of Directors during the year ended 31 December 2011 the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of Appointment</i>
Mr. Pham Huy Hung	Chairman	3 July 2009
Mr. Nguyen Van Thang	Member	1 June 2011
Mrs. Pham Thi Hoang Tam	Member	3 July 2009
Mrs. Do Thi Thuy	Member	3 July 2009
Mr. Tran Xuan Chau	Member	3 July 2009
Mrs. Nguyen Hong Van	Member	3 July 2009
Mrs. Tran Thi Hong Hanh	Member	3 July 2009
Mr. Michael Knight Ipson	Member	31 May 2011
Mr. Pham Xuan Lap	Member and General Director	3 July 2009 and retired on 1 June 2011

BOARD OF SUPERVISION

The members of the Board of Supervision during the year ended 31 December 2011 at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mrs. Tran Thi Le Nga	Head of the Board	3 July 2009
Mrs. Pham Thi Thom	Member	3 July 2009
Mrs. Phan Thi Quy	Member	3 July 2009

BOARD OF MANAGEMENT AND THE CHIEFT ACCOUNTANT

The members of the Board of Management and Chief Accountant during the fiscal year ended 31 December 2011 and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Nguyen Van Thang	General Director	Appointed on 1 June 2011 as Acting General Director Appointed on 26 December 2011 as General Director
Mr. Nguyen Viet Manh	Deputy General Director	Appointed on 4 April 2010
Mr. Pham Anh Tuan	Deputy General Director	Appointed on 4 April 2010
Mrs. Bui Nhu Y	Deputy General Director	Appointed on 4 April 2010
Mr. Nguyen Van Du	Deputy General Director	Appointed on 4 April 2010
Mr. Le Duc Tho	Deputy General Director	Appointed on 4 April 2010
Mr. Vo Minh Tuan	Deputy General Director	Appointed on 4 April 2010
Mr. Nguyen Hoang Dung	Deputy General Director	Appointed on 15 March 2011
Mr. Nghiem Xuan Thanh	Deputy General Director	Appointed on 15 January 2012
Mr. Nguyen Van Thanh	Deputy General Director	Appointed on 3 July 2009 Changed mission on 16 January 2012
Mr. Nguyen Hai Hung	Chief Accountant	Appointed on 1 June 2011
Mr. Pham Xuan Lap	General Director	Appointed on 3 July 2009 and retired on 1 June 2011
Mr. Nguyen Van Chung	Chief Accountant	Appointed on 4 April 2010 and retired on 1 June 2011

LEGAL REPRESENTATIVE

The legal representative of the Bank during the fiscal year ended 31 December 2011 and at the date of this report is Mr. Pham Huy Hung, chairman of the Bank's Board of Directors.

AUDITORS

Ernst & Young Vietnam Limited is auditor of the Bank.

REPORT OF THE BOARD OF DIRECTORS

The Board of Management of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") is pleased to present its report and the consolidated financial statements of the Bank and its subsidiaries for the fiscal year ended 31 December 2011.

BOARD OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of the Bank is responsible for these consolidated financial statements which give a true and fair view of the state of affairs of the Bank and of their results and cash flows for the interim accounting period. In preparing these interim consolidated financial statements, the Board of Management:

- ▶ select appropriate accounting policies and then applying them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the year-end consolidated financial statements; and
- ▶ prepare the year-end consolidated financial statements on the going concern assumption except for the cases that the going-concern assumption is considered inappropriate to the Bank.

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 financial position of the Bank and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management of the Bank has confirmed that the Bank has complied with the above requirements in preparing the accompanying year-end consolidated financial statements for the year ended 31 December 2011.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2011 and of the consolidated results of their operations and their consolidated cash flows for the fiscal year then ended in accordance with the Vietnamese Accounting Standards and Accounting System for Credit Institutions and comply with other relevant regulations by the State Bank of Vietnam.

On behalf of the Board of Management:

A red circular stamp from Công Thương Việt Nam (Vietnam Joint Stock Commercial Bank for Industry and Trade) is visible. The stamp contains the text "S.D.K.K.D: 0100111848 - C.T.C.P", "NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN CÔNG THƯƠNG VIỆT NAM", and "HÀ NỘI". A blue ink signature is written across the stamp.

Mr. Nguyen Van Thang
General Director

Hanoi, Vietnam

22 February 2012

REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Reference Number: 60755043/110516

INDEPENDENT AUDITORS' REPORT

To: Shareholders of
Vietnam Joint Stock Commercial Bank for Industry and Trade

We have audited the consolidated financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") and its subsidiaries as set out on pages 6 to 90 which comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement and the consolidated cash flow statement for the fiscal year then ended and the notes thereto.

The preparation and presentation of these consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these consolidated financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with Vietnamese and International Standards on Auditing applicable in Vietnam. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Bank's management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements, in all material respects, give a true and fair view of the financial position of the Bank and its subsidiaries as at 31 December 2011 and of their results of operations and cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System for Credit Institutions and comply with other relevant financial and accounting regulations stipulated by the State Bank of Vietnam.

Without qualifying our opinion, we would like to draw attention to Note 47 – Contingent liabilities in the interim consolidated financial statements. Currently investigation agencies are prosecuting two former employees of Ho Chi Minh City branch and Nha Be branch of the Bank for alleged misappropriation of assets by means of fraudulence. According to the code of criminal procedures, for cases under prosecution and investigation, the legal responsibilities of related parties will be determined only when the trial has been completed with an effective judgment. However, based on results of internal reconciliation, review and investigation procedures that have been taken up to the date of this report, the Bank's management believes that the Bank neither is jointly liable for nor incur any financial loss with regards to the illegal actions of these individuals.



Ernst & Young Vietnam Ltd.

Ernst & Young Vietnam Limited



Tran Dinh Cuong
General Director
Certificate No : 0135/KTV



Vo Xuan Minh
Auditor
Certificate No: 0923/KTV

Hanoi, Vietnam
22 February 2012

CONSOLIDATED BALANCE SHEET

as at 31 December 2011

Form No.B02 /TCTD-HN

	Note	31 Dec 2011 VNDm	31 Dec 2010 restated VNDm
ASSETS			
Cash, gold and gemstones	5	3,713,859	2,813,948
Balances with the State Bank of Vietnam ("the SBV")	6	12,101,060	5,036,794
Placements with and loans to other banks	7	65,451,926	50,960,782
Placements with other banks	7.1	61,979,076	46,680,157
Loans to other banks	7.2	3,500,000	4,290,000
Provision for credit losses of loans to other banks		(27,150)	(9,375)
Trading securities	8	542,704	224,203
Trading securities		557,358	230,761
Provision for decline in value of trading securities		(14,654)	(6,558)
Derivative financial instruments and other financial assets	9	20,236	19,242
Loans and advances to customers		290,397,810	231,434,054
Loans and advances to customers	10	293,434,312	234,204,809
Provision for credit losses of loans to customers	11	(3,036,502)	(2,770,755)
Investment securities	12	67,448,881	61,585,378
Securities – available-for-sale		65,320,966	55,645,824
Securities – held-to-maturity		2,400,000	6,208,700
Provision for impairment of investment securities		(272,085)	(269,146)
Long-term investments	13	2,924,485	2,092,756
Investment in joint ventures	13.1	2,601,041	1,782,208
Investment in associates	13.2	25,004	-
Other long-term investments	13.3	298,440	310,548
Provision for long-term investments		-	-
Fixed assets	14	3,746,217	3,302,346
<i>Tangible assets</i>	14.1	2,548,273	2,206,346
Cost		5,541,803	4,596,043
Accumulated depreciation		(2,993,530)	(2,389,697)
<i>Leased fixed assets</i>		-	-
Cost		587	587
Accumulated depreciation		(587)	(587)
<i>Intangible assets and land use right</i>	14.2	1,197,944	1,096,000
Cost		1,442,639	1,284,224
Accumulated amortization		(244,695)	(188,224)
Other assets	15	14,256,747	10,261,152
Receivables		5,556,418	3,049,100
Interest and fee receivables		6,664,631	4,886,424
Deferred tax asset		-	-
Other assets		2,044,263	2,330,346
<i>in which: Goodwill</i>	16	13,612	15,427
Provision for impairment of other assets		(8,565)	(4,718)
TOTAL ASSETS		460,603,925	367,730,655

The attached notes from 1 to 50 form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2011

Form No.B02 /TCTD-HN

	Note	31 Dec 2011 VNDm	31 Dec 2010 restated VNDm
LIABILITIES			
Borrowings from the Ministry of Finance and the SBV		27,293,733	43,220,678
Deposits and borrowings from other banks	18	74,407,913	35,096,726
Deposits from other banks	18.1	58,211,970	26,188,144
Borrowings from other banks	18.2	16,195,943	8,908,582
Customer deposits and other amounts due to customers	19	257,273,708	205,918,705
Derivative financial instruments and other financial liabilities	9	-	-
Debts issued and other borrowed funds	20	36,824,508	23,840,837
Valuable papers issued	21	11,089,117	10,728,283
Other liabilities	22	25,015,554	30,522,967
Accrued fees and interest expenses		4,834,923	3,559,978
Deferred tax liability	23.2	-	130
Other payables		19,744,820	26,372,017
Provision for contingent liabilities and off-balance sheet commitments	11	435,811	590,842
TOTAL LIABILITIES		431,904,533	349,328,196
OWNERS' EQUITY			
Capital and reserves	24		
Capital		22,173,891	15,262,069
Chartered capital		20,229,722	15,172,291
Capital to purchase fixed assets		-	-
Share premium		1,944,169	89,778
Treasury shares		-	-
Preferred shares		-	-
Convertible bonds		-	-
Other capital		-	-
Reserves	24	1,476,203	571,897
Foreign exchange reserve on translation of financial statements		300,163	118,766
Difference from assets revaluation		-	-
Undistributed earnings/ (accumulated losses)		4,540,639	2,247,814
TOTAL OWNERS' EQUITY		28,490,896	18,200,546
MINORITY INTEREST		208,496	201,913
TOTAL LIABILITIES, OWNERS' EQUITY AND MINORITY INTEREST		460,603,925	367,730,655

The attached notes from 1 to 50 form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2011

Form No.B02 /TCTD-HN

OFF-BALANCE SHEET ITEMS

	Thuyết minh	31/12/2011 triệu đồng	31/12/2010 trình bày lại triệu đồng
Contingencies	39		
Credit guarantees		138,008	49,899
Letters of credit		30,125,189	21,790,267
Other guarantees		17,574,611	14,649,731
Commitments (*)			
Commitments with customers		-	-
Other commitments		-	-
		47,837,808	36,489,897

(*): These are unconditional commitments . The conditional commitments are not included in this item.

Prepared by:



Mr. Ha Quang Vu
Head of Financial Accounting
Management Department

Approved by:



Mr. Nguyen Hai Hung
Chief Accountant

Hanoi, Vietnam
22 February 2012

Approved by:



Mr. Nguyen Van Du
Deputy General Director

The attached notes from 1 to 50 form part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2011

Form No. B03/TCTD-HN

	Note	31 Dec 2011 VNDm	31 Dec 2010 restated VNDm
Interest and similar income	27	55,775,244	31,919,277
Interest and similar expenses	28	(35,727,190)	(19,830,153)
Net interest and similar income		20,048,054	12,089,124
Fees and commission income	29	1,923,360	1,807,456
Fees and commission expenses	29	(771,029)	(333,393)
Net gain from fees and commission income	29	1,152,331	1,474,063
Net gain/(loss) from trading gold and foreign currencies	30	382,562	158,444
Net gain/(loss) from securities trading	31	10,930	(38,591)
Net gain/(loss) from securities investment	32	(501,144)	(260,177)
Income from other operating activities		1,191,117	1,341,685
Expenses from other operating activities		(167,014)	(70,072)
Net gain/(loss) from other operating activities	33	1,024,103	1,271,613
Share of profit in associates and joint ventures and dividend income	34	257,345	164,220
TOTAL OPERATING INCOME		22,374,181	14,858,696
TOTAL OPERATING EXPENSES	35	(9,077,909)	(7,195,334)
Net profit before provision for credit losses		13,296,272	7,663,362
Provision of credit losses of loans to customers	11.1	(5,041,507)	(2,650,973)
Provision of credit losses of loans to credit institutions	7.2	(17,775)	(9,375)
Reversal of provision/(provision expense) for off-balance-sheet commitments	11.2	155,031	(364,732)
PROFIT BEFORE TAX		8,392,021	4,638,282
Current enterprise income tax	23	(2,132,654)	(1,149,164)
Deferred enterprise income tax		-	(44,588)
Corporate income tax expense		(2,132,654)	(1,193,752)
PROFIT AFTER TAX		6,259,367	3,444,530
Minority interest		15,572	8,869
NET PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK		6,243,795	3,435,661
Basic earnings per share (VND/share)	25	3,162	2,079

Prepared by:



Mr. Ha Quang Vu

Head of Financial Accounting
Management Department

Approved by:



Mr. Nguyen Hai Hung
Chief Accountant

Hanoi, Vietnam

22 February 2012

Approved by:



Mr. Nguyen Van Du
Deputy General Director

The attached notes from 1 to 50 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December 2011

Form No.B04/ TCTD-HN

	Note	31 Dec 2011 VNDm	31 Dec 2010 restated VNDm
CASH FLOW FROM OPERATING ACTIVITIES			
Interest and similar income receipts		53,934,333	29,428,470
Interest and similar expense payments		(34,452,245)	(18,010,936)
Fees and commission income receipts		1,141,704	1,474,063
Net gain/loss from securities, gold and foreign currencies trading		960,930	(44,701)
Other operating income		(1,350,461)	73,208
Recovery from bad debts previously written-off		1,170,498	1,193,854
Payment to employees and suppliers		(8,339,552)	(7,184,002)
Tax paid in the period	23	(2,164,061)	(1,106,833)
Net cash flow from operating profit before changes in operating assets and working capital		10,901,146	5,823,123
Changes in operating assets		(74,211,604)	(99,394,189)
(Increase)/decrease in placements with and loans to other banks		(1,339,250)	(4,368,511)
(Increase)/decrease in investment in securities		(6,691,466)	(22,489,477)
(Increase)/decrease in derivatives financial instruments and other financial assets		(994)	55,986
(Increase)/decrease in loans and advances to customers		(59,229,503)	(71,034,324)
Decrease in provision for financing losses (loans, securities, long-term investment)		(5,270,760)	-
Other (increase)/decrease in operating assets		(1,679,631)	(1,557,863)
Changes in operating liabilities		80,460,641	118,381,392
Increase/(decrease) in borrowings from the MOF and SBV		(15,926,945)	29,501,989
Increase/(decrease) in deposits and loans from other Banks		39,311,187	20,084,569
Increase/(decrease) in customer deposits and other amounts due to customers (including the State Treasury)		51,355,003	57,544,106
Increase/(decrease) in valuable papers issued (except for valuable papers from financial activities)		360,834	2,143,026
Increase/(decrease) in debts issued and other borrowed funds		12,983,671	(10,684,165)
Increase/(decrease) in derivatives financial instruments and other financial liabilities		-	(220,091)
Increase/(decrease) in other liabilities		(7,619,920)	20,022,802
Utilization of reserves in the period		(3,189)	(10,844)
Net cash flows (used in)/from operating activities		17,150,183	24,810,326
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of investment fixed assets		(584,033)	(1,879,321)
Proceeds from disposal of equipments		118,444	23,780
Expenses from disposal of equipments		-	-
Acquisition of investment fixed assets		-	-
Proceeds from disposal of investment real estates		-	-
Expenses from disposal of investment real estates		-	-
Additional equity investments in associates and joint ventures		(429,780)	(578,125)
Receipts from equity investment in associates and joint ventures		-	3,160
Dividend income received from other long-term investments		19,908	126,193
Net cash flows (used in)/from investing activities		(875,461)	(2,304,313)

CONSOLIDATED STATEMENT OF CASHFLOWS (continued)

for the year ended 31 December 2011

Form No.B04/ TCTD-HN

	Note	31 Dec 2011 VNDm	31 Dec 2010 restated VNDm
CASH FLOW FROM FINANCIAL ACTIVITY			
Increase in chartered capital and share premium		6,911,822	339,393
Receipt from issuing long term valuable papers qualified as owners' capital and other long term borrowings		-	-
Payments for settlement of long term valuable papers qualified as owners' capital and other long term borrowings		-	-
Dividend paid		(2,043,709)	(11,172)
Payments for repurchases of treasury shares		(8,989)	-
Receipt from sales of treasury shares		-	-
Net cash flows from financial activities		4,859,124	328,221
Net cash flow of the period		21,133,846	22,834,234
Cash and cash equivalents at the beginning of the period		53,160,553	30,326,319
Adjustment for impact of changes in foreign exchange rate		-	-
Cash and cash equivalents at the end of the period	36	74,294,399	53,160,553

Prepared by:



Mr. Ha Quang Vu
Head of Financial Accounting
Management Department

Approved by:



Mr. Nguyen Hai Hung
Chief Accountant

Hanoi, Vietnam

22 February 2012

Approved by:



Deputy General Director

The attached notes from 1 to 50 form part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

Form No. B05/TCTD-HN

1. CORPORATE INFORMATION

Vietnam Joint Stock Commercial Bank for Industry and Trade (herein referred to as "VietinBank" or "the Bank") is a Vietnamese commercial joint stock bank incorporated and registered in the Socialist Republic of Vietnam.

Establishment and Operation

The Bank was established from the equitization of the Vietnam Bank for Industry and Trade – a state-owned commercial bank which had been established in accordance with Decision No. 402/CT dated 14 November 1990 by the President of the Ministerial Council and subsequently re-established into state-owned corporation type in accordance with Decision No. 285/QD-NH5 dated 21 September 1996 by the Governor of the State Bank of Vietnam ("the SBV"). On 25 December 2008, the Vietnam Bank for Industry and Trade successfully undertook its Initial Public Offering.

The Bank was equitized and renamed into Vietnam Joint Stock Commercial Bank for Industry and Trade on 3 July 2009 under the License of Establishment and Operation No. 142/GP-NHNN dated 3 July 2009, issued by the State Bank of Vietnam and the Certificate of Business Registration No. 0103038874 dated 3 July 2009 issued by Hanoi Planning and Investment Department. The Bank has successfully undertaken its Secondary Equity Offering (SEO) to raise capital in 2011 and on 28 December 2011 Hanoi Planning and Investment Department issued the Business Registration No. 0100111948 as a replacement for the previous Certificate of Business Registration No. 0103038874.

The Bank's main activities are to provide banking services including mobilizing and receiving short-term, medium-term, and long-term deposits from organizations and individuals; making short-term, medium-term, and long-term loans and advances to organizations and individuals based on the nature and capability of the Bank's sources of capital; foreign exchange transactions, international trade financial services, discounting of commercial papers, bonds and other valuable papers, and providing other banking services allowed by the SBV.

Chartered capital

The Bank's chartered capital under the License of Establishment and Operation No. 142/GP-NHNN dated 3 July 2009 is VNDm 11,252,973 of which, state-owned capital is VNDm 10,040,855 and capital raised from the Initial Public Offering is VNDm 1,212,118.

The Bank's plan for its first capital increase in 2010 was approved by the SBV under the document No. 3679/NHNN-TTGSNH dated 19 May 2010. On 24 August 2010, the State Securities Commission of Vietnam (SSC) granted the Bank Certificate No. 651/UBCK-GCN for the Bank's share offering registration.

The Bank had finished its share issuance on 18 October 2010 with 391,931,841 shares additionally issued, of which, 76,848,603 shares were issued in form of share dividend payment and 315,083,238 shares were sold to the Bank's shareholders.

On 10 March 2011, the Bank has completed its share issuance with total shares of 168,581,013 units after issuance.

On 28 December 2011, the Bank has completed its share issuance for existing shareholders with the total new issued shares of 337,162,100 units.

Accordingly, as at 31 December 2011, the Bank's chartered capital is VNDm 20,229,722.

Locations and the Branch Network

The Head Office of the Bank is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. At 30 September 2011, the Bank has one (1) Head Office, one (1) Operation Center, three (3) administrative units, three (3) representative offices and one hundred fifty (151) main branches (including 2 oversea branches- Germany and Lao), eight hundred and ninety nine (899) transaction centers, and forty seven (49) saving counters located in sixty three (63) cities and provinces all over Vietnam.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

Form No. B05/TCTD-HN

1. CORPORATE INFORMATION (continued)

As at 31 December 2011, the Bank has six (6) subsidiaries as follows:

No.	Name	Established in accordance with Decision No.	Business sector	% of ownership held by the Bank
1	Vietinbank Leasing Company Ltd.	0101047075/GP dated 10 March 2011 by Hanoi Planning and Investment Department	Banking & Finance	100%
2	Vietinbank Securities Joint Stock Company	107/UBCK- GP dated 1 July 2009 by State Securities Commission of Vietnam (SSC)	Capital Market	76%
3	Vietinbank Debt Management and Asset Exploitation Company Ltd.	0302077030/GP dated 20 July 2010 by Department of Planning and Investment of Hochiminh City	Asset Management	100%
4	Vietinbank Insurance Company Ltd.	21/GPDC6/KDBH dated 21 April 2009 by Ministry of Finance	Non-life Insurance	100%
5	Vietinbank Gold and Jewelry Trading Company Ltd.	0105011873/GP dated 25 November 2010 by Hanoi Planning and Investment Department	Gold and Gemstones Manufacturing and Trading	100%
6	Vietinbank Fund Management Company Ltd.	50/UBCK-GP dated 26 October 2010 and 05/GPDC-UBCK dated 23 March 2011 by State Securities Commission of Vietnam (SSC) and	Fund Management	100%

Employees

Total number of employees of the Bank as at 31 December 2011 is 18,622 people (as at 31 December 2010: 17,243 people).

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 Accounting period

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

2.2 Accounting currency

The Bank maintains its accounting records in Vietnamese Dong (VND). However, due to the Bank's scale of operation, and for the purpose of preparing these consolidated financial statements, the figures are rounded to million Vietnamese Dong (VNDm). This presentation does not affect stakeholders relying on these financial statements for the fair view of the Bank's and its subsidiaries' consolidated balance sheet, income statement and cash-flow statement. Except for the amount of shares, the Bank presented the figures in Vietnamese Dong (VND) as in the Note 24.1 and 25.

3. APPLIED ACCOUNTING STANDARDS AND REGIMES

3.1 Statement of compliance with Vietnamese Accounting Standards and System for Credit Institutions

The Board of Management confirms that the accompanying consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards and System for Credit Institutions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

Form No. B05/TCTD-HN

3. APPLIED ACCOUNTING STANDARDS AND REGIMES (continued)

Accounting policies built in case of no specific guidance from Vietnamese Accounting Standards are as follows:

Vietnamese Accounting Standards and Accounting System for Credit Institutions provide no specific instructions in terms of estimation and provision made for investments in debt securities issued by economic entities. Up to 31 December 2011, the Bank has evaluated the arising credit risk and made provisions for such items as follows:

Items	Book Value	Provision	Basis of provision
Bonds issued by Vietnam Shipbuilding Industry Group	500,000	500,000	Based on the Bank's evaluation of the bonds' actual risk level
Available- for-sale debt securities issued by economic entities	22,464,225	168,444	Based on the Bank's evaluation on probability of higher credit risk on debt securities issued by business entities due to economic recession .The provision is determined by reference to general provision for loans under Decision 493/2007/QD-NHNN.
Held- to- maturity debt securities issued by economic entities	200,000	1,500	

3.2 Applied accounting standards and regimes

The consolidated financial statements of the Bank, which are expressed in millions of Vietnamese Dong ("VNDm"), are prepared in accordance with Vietnamese Accounting Standards and System for Credit Institutions under Decision No. 479/2004/QD-NHNN issued on 29 April 2011 by the Governor of The State Bank of Vietnam which was enacted from 1 January 2005 and other regulations amending and supplementing to Decision 497; Decision No.16/2007/QDD-NHNN issued on 18 April 2007 by the Governor of The State Bank of Vietnam; and the Vietnamese Accounting Standards and related guidance issued by the Ministry of Finance, including:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

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

3.3 Basis of consolidation

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

Form No. B05/TCTD-HN

3. APPLIED ACCOUNTING STANDARDS AND REGIMES (continued)

3.3 *Basis of consolidation (continued)*

Financial statements of subsidiaries as presented in Note 1 are fully consolidated starting from the date the Bank had the control over the subsidiaries. The control exists as the Bank has power to either directly or indirectly governs the subsidiaries' operations or financial policies so as to obtain benefits from subsidiaries' activities. The operating results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

Minority interest represents the portion of the net results of operations and of net assets of a subsidiary attributable to interest which are not owned, directly or indirectly through subsidiaries, by the parent. Minority interest should be presented in the consolidated balance sheet within equity, but separate from the parent's shareholders' equity and liabilities. Minority interests in the profit or loss of the group should also be separately presented.

The difference due to translation of financial statements is 50% of the surplus arising from the translation of Indovina Joint Venture Bank's financial statements as at 31 December 2011 in US dollar to Vietnam dong for consolidation purpose. The Bank recognized this surplus under equity method of accounting (see note 13).

3.4 *Use of estimates*

The preparation of the consolidated financial statements requires the Board of Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income and expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ resulting in future changes in such provision.

3.4.1 *Going concern*

The Bank's Board of Management assessed the Bank's ability to continue as a going concern and found that the Bank has sufficient resources to continue its operation in the certain future. Furthermore, the Board of Management did not notice any material uncertainty which can affect the Bank's ability to continue as a going concern. Therefore, these financial statements are prepared on the going concern basis.

3.4.2 *Provision for debt securities issued by business entities*

At the end of the fiscal period, the Bank (not including its subsidiaries) assessed the ability to recover from debt securities issued by business entities in order to determine the provision for these items, which will be recorded in the consolidated income statement. The Bank made the assessments based on the entities' financial position and the recoverable value from collateral (if any). These assessments are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ resulting in future changes.

3.5 *Changes in ACCOUNTING policies*

The Bank has adopted the consistent ACCOUNTING policies to prepare the consolidated financial statements in accordance with the ones used to prepare the consolidated financial statements of the year ended 31 December 2010, except for the ACCOUNTING policies related to the following matters

3.5.1 *Circular No 210/2009/TT-BTC providing guidance for applying The International ACCOUNTING Standards on presentation of financial statement and disclosures of financial instruments in Vietnam*

Circular No. 210/2009/TT-BTC issued on 6 November 2009 by the Ministry of Finance provides guidance for applying The International ACCOUNTING Standards on presentation of financial statement and disclosures of financial instruments ("Circular 210"), came into effect for fiscal year on and from 1 January 2011. Circular 210 provides the definitions of financial instruments, including financial assets and financial liabilities; derivative financial instruments and equity instruments as well as methods of classification, presentation and disclosures notes for these instruments.

The Bank has adopted Circular 210 and supplemented new notes to its consolidated financial statements in accordance with requirements of the Circular.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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3. APPLIED ACCOUNTING STANDARDS AND REGIMES (continued)

3.5.1 Circular No 210/2009/TT-BTC providing guidance for applying The International ACCOUNTING Standards on presentation of financial statement and disclosures of financial instruments in Vietnam (continued)

Circular 210 is only applied for presentation of financial statements and disclosures of financial instruments, therefore, the definitions of financial assets, financial liabilities and other relating definitions are presented in Note 48 merely for the purpose of preparing this note to this consolidated financial statements. The Bank's assets and liabilities are still recognized and recorded in accordance with Vietnamese ACCOUNTING Standards and System for Credit Institutions and relating regulations of the State Bank of Vietnam.

3.5.2 Scientific and technological development fund

According to Circular No. 130/2008/TT-BTC, the Bank can deduct up to 10% of its annual taxable income before corporate income tax for setting up the scientific and technological development fund. The Bank may determine by itself the level of deduction for setting up the scientific and technological development fund under regulations before corporate income tax.

Within 5 years since being set up, if the scientific and technological development fund has been left unused, has been improperly used or has been less than 70% used, the Bank shall recalculate and pay the State Budget the corporate income tax amount imposed on un-used or improperly-used amount of that fund and the interest arising thereon.

The organization and operation of the fund should be in compliance with Circular No.15/2011/TT-BTC dated 9 February 2011.

The creation of scientific and technological development fund should be charged to the Bank's operating expenses for determining profit and loss during the period.

As at 30 June 2011, the Banks has appropriated the scientific and technological development fund at 9.8% of its annual taxable income for the period from 1 Jan 2011 to 30 June 2011 or VNDm 400,000 in equivalent. As at 31 December 2011, the Bank has reversed the Scientific and technological fund. The establishment and reverse occurred in the same fiscal year; therefore, it did not affect the Bank's income statement of the year.

3.6 Adjustment / Restatement of opening balance and basis of adjustment

During the year 2011, the Bank adjusted and restated figures following the State audit's result and did the reclassification for some items on 2010 consolidated financial statements, as follows:

3.6.1 Effects on total assets

From balance sheet as at 31 December 2010	Note	31 Dec 2010 reported VNDm	Reclassification/ Adjustment VNDm	31/12/2010 restated VNDm
Provision for credit losses of loans and advances to customers		(2,769,902)	(853)	(2,770,755)
Cost of tangible fixed assets		4,596,080	(37)	4,596,043
Depreciation of tangible fixed assets		(2,389,734)	37	(2,389,697)
Cost of intangible fixed assets	3.6.1.1	1,279,523	4,701	1,284,224
Interest and fee receivables		4,886,335	89	4,886,424
Receivables	3.6.1.2	2,946,861	102,239	3,049,100
Other assets	3.6.1.3	2,418,058	(87,712)	2,330,346
EFFECTS ON TOTAL ASSETS			18,464	

3.6.1.1 Increased cost of fixed assets following the State Audit's result.

3.6.1.2 These reclassifications/adjustments include:

Reclassifications/ Adjustments	Amount VNDm
Increase VAT payable and increase receivables from customers following to the State Audit's result	13,907
Reclassify VAT receivable from other assets to receivables	88,332
	102,239

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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3. APPLIED ACCOUNTING STANDARDS AND REGIMES (continued)

3.6.1.3 *These reclassifications/adjustments include:*

Reclassification/ Adjustments	Amount VNDm
Increase amortized cost following the State Audit's result	620
Reclassify VAT receivable from other assets to receivables	(88,332)
	(87,712)

3.6.2 *Effects on total liabilities, owners' equity and minority interest*

Copied from balance sheet as at 31 December 2010	Note	31 Dec 2010 reported VNDm	Reclassification/ Adjustment VNDm	31/12/2010 restate VNDm
Debts issued and other borrowed funds, Reclassification	3.6.2.1	44,734,885	(20,894,048)	23,840,837
Interest payables		3,560,011	(33)	3,559,978
Other payables and liabilities	3.6.2.2	5,489,655	20,882,362	26,372,017
Undistributed profit (Note 3.6.3)		2,217,631	30,183	2,247,814
EFFECT ON TOTAL LIABILITIES, OWNERS' EQUITY AND MINORITY INTEREST			18,464	

3.6.2.1 *Reclassification of fund received from the State Treasury to payables*

3.6.2.2 *These reclassification/adjustments include:*

Reclassifications/ Adjustments	Amount VNDm
Effect of reclassification (see note 3.6.2.1)	20,894,048
Decrease Income in advance from underwriting fee on bond issuance following to the State Audit's result	(37,957)
Decrease other payables	(1,021)
Increase corporate tax payable due to adjustment following to the State Audit's result	10,061
Increase other payables following to the State Audit's result	17,231
	20,882,362

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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3.6.3 From consolidated income statement during the fiscal year ended 31 December 2010

	Note	2010 reported VNDm	Reclassification / Adjustment VNDm	2010 restated VNDm
Interest and similar income		31,919,188	89	31,919,277
Interest and similar expenses		(19,830,186)	33	(19,830,153)
Effect on net interest and similar income			122	
Net gain/loss from fees and commission income	3.6.3.1	1,436,106	37,957	1,474,063
Income from other operating activities		1,340,664	1,021	1,341,685
Expenses from other operating activities		(70,266)	194	(70,072)
Net gain/loss from other operating activities			1,215	
EFFECT ON TOTAL OPERATING INCOME			39,294	
EFFECT ON TOTAL OPERATING EXPENSES			1,803	
Provision of credit losses of loans to customers		(2,650,120)	(853)	(2,650,973)
EFFECT ON PROFIT BEFORE TAX			40,244	
Current corporate income tax	3.6.3.2	(1,139,103)	(10,061)	(1,149,164)
EFFECT ON PROFIT AFTER TAX			30,183	

3.6.3.1 Increase income from underwriting fee

3.6.3.2 Increase corporate tax expense due to the State Audit's adjustments.

3.6.4 Extracted from Off-balance sheet items as at 31 December 2010

	Note	2010 reported VNDm	Reclassification/ Adjustment VNDm	2010 restate VNDm
Contingencies				
Other guarantees	3.6.4.1	14,776,573	(126,842)	14,649,731
			(126,842)	

3.6.4.1 Decrease guarantees expired as at 31 December 2010 following to the State Audit's result

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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3. APPLIED ACCOUNTING STANDARDS AND REGIMES (continued)

3.6.5 *Extracted from consolidated cash-flow statement for the year ended 31 December 2010*

	Note	2010 reported VNDm	Reclassification/ Adjustment VNDm	2010 restate VNDm
CASH FLOW FROM OPERATING ACTIVITIES				
Fees and commission income receipts	3.6.5.1	1,436,106	37,957	1,474,063
Other operating income		71,993	1,215	73,208
Payment to employees and suppliers	3.6.5.2	(7,185,708)	1,706	(7,184,002)
Tax paid in the period		(1,096,772)	(10,061)	(1,106,833)
Net effects on "cash-flow from operating profit before changes in operating assets and working capital"			30,817	
Changes in operating assets		(1,543,336)	(14,527)	(1,557,863)
Other (increase)/decrease in operating assets		(1,543,336)	(14,527)	(1,557,863)
Changes in operating liabilities			(11,686)	
Increase/(decrease) in debts issued and other borrowed funds	3.6.5.3	10,209,883	(20,894,048)	(10,684,165)
Increase/ (decrease) in other liabilities	3.6.5.4	(859,560)	20,882,362	20,022,802
Net effects on cash flows from operating activities			4,604	
CASHFLOW FROM INVESTING ACTIVITIES				
Acquisition of fixed assets and construction in progress		(1,874,657)	(4,664)	(1,879,321)
Proceeds from disposals of equipments		23,720	60	23,780
Net effect on cash flows from investing activities		(2,299,709)	(4,604)	(2,304,313)

3.6.5.1 *Increase income from underwriting fee on bond issuance*

3.6.5.2 *Increase corporate income tax expense due to adjustments of the State Audit.*

3.6.5.3 *Reclassification of fund received from the State Treasury to payables*

3.6.5.4 *Adjustment of payables and other liabilities on Note 3.6.2.2*

3.6.6 *Extracted from notes to financial statements for the year ended 31 December 2010*

Restate balance of customer deposits portfolio by types of customers as at 31 December 2011

	Note	2010 reported VNDm	Reclassification/ Adjustment VNDm	2010 restate VNDm
Deposits from business entities		186,199,647	-	98,787,359
State-owned enterprises		69,748,737	-	69,748,737
Private enterprises and others	3.6.5.1	110,246,508	(87,412,288)	22,834,220
Foreign invested enterprises		6,204,402		6,204,402
Deposits from individuals	3.6.5.1	19,478,350	87,412,288	106,890,638
Deposits from others		240,708	-	240,708
		205,918,705	-	205,918,705

3.6.6.1 *Regroup household economic sector from "Deposits from State-owned enterprises and others" to "Deposits from individuals"*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, gold, gemstone, current account at the State Bank of Vietnam, Government Bills and other short-term valuable papers that are readily convertible into known amounts of cash; current deposits, placements with and loans to other banks and securities that are within 3 months of maturity when acquired at transaction date, which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

4.2 Loans and advances to customers

Loans and advances to customers are disclosed at the principal amounts outstanding at the date of financial statements.

4.3 Provision for credit losses

In accordance with the Law on Credit Institutions effective from 1 January 2011, Decision 1627/2001/QĐ-NHNN dated 31 December 2001 by the Governor of the State Bank of Vietnam on the issuance of lending regulations for Credit institutions, Decision 127/2005/QĐ-NHNN dated 3 February 2005 amending and supplementing to a number of lending regulations under Decision 1627/2001/QĐ-NHNN, Decision 493/2005/QĐ-NHNN dated 22 April 2005 and Decision 18/2007/QĐ-NHNN dated 25 April 2007 issued by the State Bank of Vietnam on loan classification and appropriation, setting up and use of reserves for handling credit risks, the Bank is required to classify loans and create provisions for credit losses. Accordingly, loans are graded using the following risk classifications: Current, Special Mention, Substandard, Doubtful and Loss based on the payment arrears status and other qualitative factors.

Net loan and advance exposure for each individual customer 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 Decision 493/2005/QĐ-NHNN and Decision 18/2007/QĐ-NHNN.

4.3 Provision for credit losses

Specific provision is established based on the net loan and advance exposure for each individual customer using the prescribed provision rates applicable to that loan classification as follows:

Group	Category	Provision rate
1	Current	0%
2	Special mention	5%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

In accordance with Decision 493/2005/QĐ-NHNN, 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 each year.

In accordance with Decision 493/2005/QĐ-NHNN, 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. Accordingly, the Bank is required to fully create and maintain a general provision at 0.75% of total of loans, guarantees, acceptable settlements and unconditional irrevocable loan commitments with specific period that are classified in groups 1 to 4.

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 Decision 493/2005/QĐ-NHNN the Bank sets up Risk Settlement Committee in order to write off loans if they are classified under Group 5 or if the borrowers have been liquidated or are bankrupt entities, or if individual borrowers are deceased or are missing.

4.4 Trading securities

Trading securities include debt securities, equity securities and other kinds of securities that the Bank and/or its subsidiaries fully purchased and intended to sell in short term in order to gain profits from price fluctuation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

Form No. B05/TCTD-HN

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Trading securities (continued)

Trading securities are initially recognized at cost and subsequently carried at cost.

Interest received while holding trading securities is recorded in the consolidated income statement on cash basis.

Trading securities are subsequently subject to review for value diminution as at balance sheet date. According to 228/2009/TT-BTC dated 7 December 2009, provision for decline in value is made when book value of the securities is higher than market value. In case of undeterminable market values, there is no provision established for these securities. Provision for decline in value is recorded as "Net gain/loss from securities trading" in the consolidated income statement.

4.5 Investment securities

4.5.1 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 recognized at par value as at the transaction date, accumulative 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) are recorded in a consolidated 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 amortization (if any) is also recorded in a consolidated account.

In subsequent period, held-to-maturity investment securities are recognized at par value, any discount or surplus (if any) is amortized on 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 decreased value of such securities and the same amount is credited into accrued interest; accumulative interest income after purchasing date is recognized as the Bank's income, based on accumulated method. Interest is accrued and recognized in to consolidated income statement using straight-line method.

Periodically, held-to-maturity securities are subject to impairment review. According to 228/2009/TT-BTC dated 7 December 2009, provision for decline in value is made when book value of the securities is higher than market value. . In case of undeterminable market values, there is no provision established for these securities. Provision for decline in value is recorded as "Net gain/loss from securities investment" in the consolidated income statement.

4.5.2 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 and its subsidiaries 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.

Equity available-for-sale securities are initially recognized at cost and subsequently carried at cost.

Available-for-sale debt securities are initially recognized at par value as at the transaction date, accumulative 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) are recorded in a consolidated 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 amortization (if any) is also recorded in a consolidated account.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5.2 Available-for-sale securities (continued)

In subsequent periods, debt available-for-sale securities are recognized at par value, any discount or surplus (if any) is amortized to the consolidated income statements 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 decreased value of such securities and the same amount is credited into accrued interest; accumulative interest income after purchasing date is recognized as the Bank's income, based on accumulated method. Interest is accrued and recognized in to consolidated income statement using straight-line method.

Periodically, available-for-sale securities are subject to impairment review. Provision is made when the book value is higher than the market value determined in accordance with Circular 228/2009/TT-BTC dated 7 December 2009. In case of undeterminable market value, there is no provision established for those securities. The provision for impairment of available-for-sale securities is recorded in the consolidated income statement as "Net Gain/loss from securities investment".

4.6 Repurchase and Reverse Repurchase Agreements

Securities sold under agreements to repurchase at a specific date in the future (repos) are not derecognized from the interim consolidated financial statements. The corresponding cash received is recognized in the consolidated balance sheet as a liability. The difference between the sale price and repurchase price is amortized to the consolidated income statement over the life of the agreement using the interest rate stipulated in the contract.

Conversely, securities purchased under agreements to resell at a specific date in the future (reverse repos) are not recognized in the consolidated financial statements. The corresponding cash payment is recognized in the consolidated balance sheet as an asset. The difference between the purchase price and resale price is amortized over the life of the agreement using the straight-line interest rate method.

4.7 Investment in Joint venture

The Bank's investment in joint venture is accounted for under equity method of accounting. Accordingly, the share of the Bank in joint venture's profit or loss in the year is recognized in the consolidated income statement. Value of the investment in joint venture is carried in the consolidated balance sheet at the amount that presents its share of net asset of the joint venture.

The investment in Indovina Joint Venture Bank was made in the United States dollar ("USD"), which is also the reporting currency of Indovina Joint Venture Bank. Accounting policies applicable to the translation of Indovina financial statements into Vietnamese Dong for the purpose of accounting of the investment under equity method in the consolidated financial statements is presented in Note 3.3.

Details of the Bank's investment in joint venture are presented in Note 13.1.

4.8 Investment in associates

The Bank's investment in associate is accounted for under equity method of accounting. Associate is an enterprise in that the Bank has significant impacts and is neither the Bank's joint venture nor subsidiary.

The investment is initially recognized at cost and its book value might increase or decrease reflecting the Bank's share in net asset of the associate. The loss incurred exceeding investment cost is recorded only when the Bank bears corresponding obligation. The Bank's share in net profit of the associate is recognized in to the consolidated income statement. Any direct change in owners' equity of associate is recognized in the Bank's consolidated balance sheet at the amount reflecting the Bank's share in the changes. Net gain/loss from transactions between the Bank and its associates is net-off based on the capital contributions of each side.

Financial statements of associates, for consolidated purposes under equity method of accounting, are of the same period and consistent to the Bank's accounting policies applied to the same transactions or events in equivalent conditions

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

Form No. B05/TCTD-HN

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Other long-term investments

Other long term investment represents the Bank and its subsidiaries' capital investments in other enterprises in that the Bank and its subsidiaries own less than 20% of voting right and of which the Bank and its subsidiaries are foundation shareholder; or strategic partner; or are 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.

The investment is initially recognized at cost as at the transaction date and subsequently carried at cost less provision for impairment (if any).

Provision for impairment is made when the investee makes loss (except that loss was previously stipulated in the original business plan) in accordance with Circular 228/2009/TT-BTC issued by the Ministry of Finance dated 7 December 2009. Accordingly, provision to be made if any is the difference between actual capital contribution of the Bank and the owner's equity of the investee multiply by the Bank's actual holding percentage in the business entity.

4.10 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Expenditures for additions, improvements and renewals are capitalized and expenditures for maintenance and repairs are charged to the consolidated income statement.

When assets are sold or disposed, their cost and accumulated depreciation are written off from the consolidated balance sheet and any gains or losses resulting from their disposal are recognised in the consolidated income statement.

4.11 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortization.

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

Expenditures for additions, improvements and renewals are capitalized and expenditures for maintenance and repairs are charged to the consolidated income statement.

When assets are sold or disposed, their cost and accumulated depreciation are written off from the consolidated balance sheet and any gains or losses resulting from their disposal are recognised in the consolidated income statement.

4.12 Lease

4.12.1 Bank and/or its subsidiaries as lessee

Financial leases are property leases that the lessor transfers to the lessee most of risks and rewards incidental to ownership of the leased item. The ownership of the leased item might be acquired by the lessee at the end of lease term. At the inception of the lease, the Bank recorded financial leased assets as financial leased fixed assets and financial leases liabilities in the consolidated balance sheet at the lower of fair value of financial leases and the net present value of the minimum lease payments. Lease payments are divided to interest and principal payments so as the total payments made periodically are evened. Financial leased assets are depreciated to the consolidated income statement using the same depreciation policies applicable to the Bank's own assets of similar types. If there is no reasonable certainty that the lessee will be entitled to the ownership of the leased asset at the end of the lease term, the financial leased assets will be depreciated over the shorter period of the estimated useful life of the asset and the lease term.

Payments made periodically for the operating leasing are not recorded in the consolidated balance sheet. Rentals under the operating leases are recorded as other operating expenses on a straight-line basis over the lease term.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12.2 Bank and/ or its subsidiaries as lessor

Leaser recognized financial lease assets as the receivables in the consolidated balance sheet at the net value of investment stated in leasing contracts. Receivables from financial leases are recognized as principal receivables and financial income from financial leasing. The financial income is then allocated to the consolidated statement of income over the lease term using fixed interest rate.

Operating lease assets are not derecognized in the lessor's consolidated balance sheet. Rental incomes are recorded in the consolidated income statement on a straight-line basis over the lease term regardless of payment method. Expenses under operating leases, including depreciation of the assets, are recognized as expense when incur.

4.13 Depreciation and amortization

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

Buildings	6 - 40 years
Materials	5 years
Machines and equipments	3 - 7 years
Motor vehicles	6 - 7 years
Other tangible fixed assets	4 years
Accounting software	5 years
Land use rights (*)	based on lease terms
Computer software	5 years
Other intangible fixed assets	3 - 5 years

(*): The cost of the land use rights is not amortized if it is granted by the Government of Vietnam with indefinite term. The cost of land use rights with a definite term is amortized over the term.

4.14 Revenue and expenditure recognition

Interest income and interest expense are recognized in the consolidated income statement on an accrual basis. The recognition of interest income is suspended when loans become impaired, which occurs when a loan is classified from either group 2 to group 5 according to criteria set in Decision 493/2005/QĐ-NHNN and Decision 18/2007/QĐ-NHNN issued by the State Bank of Vietnam. Accrued interest income of impaired loans is recorded in off-balance sheet and is only recognized in consolidated income statement when it is actually received.

Fees and commissions are recognized on a cash basis.

Dividend income on investment activities is recognized in the consolidated income statement once right to receive dividend is established. Dividends paid by shares and bonus shares received are not recognized as the Bank and its subsidiaries' income; in these cases, only the number of shares is updated.

4.15 Corporate income taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (or recovered from) the taxation authorities as stipulated in Corporate Income Tax Law and promulgated implementation circulars.

Current corporate income tax is charged or credited into consolidated income statement, except when it relates to items recognized directly to equity, in which case the current tax is also dealt in the equity account.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Bank intends to settle its current tax assets and liabilities on a net basis.

The Bank's tax reports are subject to examination by the tax authorities. Because the applicability of tax laws and regulations too many types of transactions and susceptible to various interpretation, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- ▶ Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- ▶ In respect of taxable temporarily differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is positive that the temporary difference will not reverse in the foreseeable future.

Deferred corporate income tax assets are levied on deductible temporary differences, deductible amounts carried over to subsequent periods of taxable losses, and unutilized tax advantages when it is likely that the corporate makes earnings in foreseeable future to use deductible temporary differences, taxable losses and tax advantages, except:

- ▶ Where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- ▶ In respect of deductible temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures, deferred tax assets are recognized only to the extent that it is positive that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realized or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt in the equity account.

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

4.16 **Other receivables**

Other receivables apart from receivables from credit activities in bank's operations are initially recognized at cost and subsequently carried at cost.

Overdue receivables are subject to impairment provision which is made based on the overdue status. For current receivables, provision still is assessed and made based on the expected loss for the following cases: institutional debtors which have fallen in bankruptcy or have been in the process of dissolution; missing, escaped, prosecuted, on trial or deceased individual debtors. Provision expense incurred is recorded as general and administrative expense in the income statement during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 *Other receivables (continued)*

With overdue receivables, the Bank creates the provision for doubtful debts in accordance with Circular No 228/2009/TT-BTC by Ministry of Finance dated 7 December 2009. Accordingly, the provision rates are applied as follows:

Overdue time	Provisioning rate
six months to one year	30%
one to two years	50%
two to three years	70%
over three years	100%

4.17 *Business combination and goodwill*

Business combination is accounted for under the purchase method. The cost of business combination is the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed and equity instruments issued by the acquirer in exchange for the control of the acquiree plus any cost directly attributable to the business combination. Identifiable assets given and liabilities incurred and contingent liabilities assumed in business combination are all to be measured at fair value at the date of exchange.

Goodwill incurred from business combination is initially recorded at cost which is the difference between the cost of business combination and the acquirer's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. After the initial recognition, goodwill is subsequently measured at original cost less accumulated amortization. Negative goodwill is recognized immediately to the consolidated income statement and positive goodwill is allocated over the useful period which is estimated at ten (10) years.

4.18 *Derivatives*

4.18.1 *Forward and swap contract*

For foreign currency forward and swap contracts, the difference of equivalent VND amounts of foreign currency commitments to buy/sell between using forward exchange rate and spot exchange rate as at effective date of the contract is recognized immediately as at the effective date of the contract in line "Derivative instruments and other financial assets" as an asset when it is positive, and in line "Derivatives instruments and other financial liabilities" as liabilities when it is negative. The difference is subsequently amortized in the consolidated income statement as "Net gain/loss from trading of foreign currencies" using straight-line method over the term of the contracts. As at the consolidated balance sheet date, commitments of foreign currency forward 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 dealing in foreign currencies".

4.18.2 *Currency option contracts*

Commitment amount for the currency option contracts is not recognized in the consolidated balance sheet. The fee paid or received is recorded as receivable or payable from/to derivative transactions, and is amortized to income or expense in the year using straight-line method over the period of the contracts. As at the consolidated balance sheet date, unrealized gain or loss arising from selling/buying option contracts are determined based on market value, cost of the contract, sales volume and maturity of the contract, and recorded in the consolidated income statement in "Net gain/loss from dealing in foreign currencies".

4.19 *Provision for off-balance-sheet commitments*

In pursuance with Decision 493/2005/QD-NHNN and Decision 18/2007/QD-NHNN issued by the SBV, credit institutions are subject to classify off-balance sheet exposures, including irrevocable commitments, commitments with specific effective date, payment guarantees and other letter of guarantees (off-balance-sheet commitments in general) as stipulated in Article 6 and create corresponding provision. Accordingly, off-balance sheet commitments are classified into groups Current, Special Mention, Substandard, Doubtful and Loss based on overdue status and other quantitative factors.

Provision for off-balance-sheet commitments is calculated similarly to that for loans and advances to customers as prescribed in Note 4.3. Provision expense is charged into "Provision for off-balance sheet commitments" in the consolidated income statement and provision balance is carried in the consolidated balance sheet as "Other liabilities".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 *Employee benefits*

4.20.1 *Post employment benefits*

Post employment benefits are paid to retired employees of the Bank by the Vietnam Social Insurance which belongs to the Ministry of Labour and Social Affairs. In addition, retired employees are also entitled to a retirement benefit equivalent to 3 months' current salary (taken from the Bank's salary fund). The Bank is required to contribute to the Vietnam Social Insurance with an amount equal to 16% of its employees' basic salary on a monthly basis.

Employees who are forced to early retire as a part of employment rearrangement are entitled to receive one basic monthly salary and allowance (if any) for each year of employment and 25% basic monthly salary and allowance (if any) for each month of the period from the forced retirement date to the should-be retirement date under current regulations (maximum 12 months). Payments are made using the Bank's retrenchment allowance.

4.20.2 *Voluntary resignation and retrenchment benefits*

Voluntary resignation benefits: the Bank has the obligation, under Article 42 of the Vietnam Labor Code, to pay allowance for employees who voluntarily resign. The allowance is equivalent to one-half month's salary for each year of employment plus allowances (if any) until 31 December 2008. From 1 January 2009, the average monthly salary used to calculate payable voluntary resignation allowance is the average salary of the six months preceding the resignation date.

Retrenchment benefits: the Bank has the obligation, under Article 17 of the Vietnam Labor Code, to pay allowance to employees who are retrenched as a result of organizational restructuring or technological changes. In such case, the Bank shall pay to employees an allowance for loss of work equivalent to the aggregate amount of one month's salary for each year of employment, but no less than two months' salary. Changes in the provision balance are recorded in the administration expenses.

While the obligations under Sections 17 and 42 are compulsory, the implementation of these sections is subject to detailed guidance issued by the Ministry of Finance in implementing circulars. In accordance with Circular 64/1999/TT-BTC dated 7 June 1999 and Circular 82/2003/TT-BTC dated 14 August 2003 by the Ministry of Finance which superseded the Circular 64/1999/TT-BTC, banks are required to create retrenchment fund equivalent to 3% per annum on the basic salary of the employees. Moreover, the outstanding balance of the retrenchment fund which equals to 10% of the profit after tax after being deducted by the capital supplementary reserve fund in accordance with Circular 64/1999/TT-BTC has been transferred to the unemployment insurance fund according to Circular 82/2003/TT-BTC.

4.20.3 *Unemployment allowance*

In accordance with Circular 04/2009/TT-BLDTBXH providing guidance for implementation of the Decree 127/2008/ND-CP dated 12 December 2008 on Unemployment Insurance, as from 1 January 2009, the Bank has obligation to contribute to the Unemployment Insurance Fund with an amount equal to 1% of their employees' salary. Moreover, the Bank has to withhold the same amount from their employees' salary to contribute to the fund.

4.21 *Foreign currency transactions*

All transactions are recorded in original currency. Monetary assets and liabilities denominated in foreign currencies at year-end are translated into VND using exchange rates ruling at the balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December 2011 in Note 50). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Unrealized foreign exchange differences arising from the translation of monetary assets and liabilities nominated in foreign currencies at the balance sheet date are recognized in the consolidated income statement.

Indovina bank which is the Bank's joint venture prepared its financial statements in US Dollar. In order to recognize investments in joint venture under the equity method of accounting, assets and liabilities of Indovina bank are converted into VND using the spot exchange rate on the balance sheet date, equity accounts are converted in to VND using the exchange rate on the receipt date of capital and the consolidated income statement is converted using the yearly average exchange rate. The differences arising from the translation of financial statements is recorded in a separate line in owner's equity in the consolidated balance sheet.

4.22 *Offsetting*

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

Form No. B05/TCTD-HN

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not reported in the consolidated financial statements since they are not assets of the Bank and its subsidiaries.

5. CASH, GOLD AND GEMSTONES

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Cash in VND	2,969,148	2,119,542
Cash in foreign currency (FC)	724,714	690,864
Valuable papers in FC	2,129	3,542
Gold, other precious metal and gemstones	17,868	-
	3,713,859	2,813,948

6. BALANCES WITH THE STATE BANK OF VIETNAM ("THE SBV")

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Balances with the State Bank of Vietnam		
- in VND	9,716,681	4,220,351
- in FC	2,384,379	816,443
Escrow account	-	-
Others	-	-
	12,101,060	5,036,794

Balances with the State Bank of Vietnam are kept for settlement purposes and maintenance of compulsory reserve. For the year 2011, compulsory reserve in VND and settlement deposits in foreign currency earn annual interest at rates of 1.20% and 0.05% respectively (1.20% and 0.05% previously).

In accordance with the regulations of the SBV, the Bank is required to maintain certain cash reserves with the SBV in the form of compulsory reserve. At the reporting date, reserve ratios are 3.00% and 8.00% (2010: 3.00% and 4.00%) applicable to customer deposits in VND and foreign currencies having maturity less than 12 months; and 1.00% and 6.00% (2010: 1.00% and 2.00%) for customer deposits in VND and foreign currencies having maturity over 12 months. Accordingly, the total required average compulsory reserve (in both VND and foreign currencies) in the December 2011 amounts to VNDm 5,872,184.

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

7. PLACEMENTS WITH AND LOANS TO OTHER BANKS

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Placements with other banks	61,979,076	46,680,157
Loans to other banks	3,500,000	4,290,000
Provisions for loans to other banks	(27,150)	(9,375)
	65,451,926	50,960,782

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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7. PLACEMENTS WITH AND LOANS TO OTHER BANKS (continued)

7.1 Placements with other banks

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Current accounts		
- in VND	41,033	143,297
- in FC, gold	4,713,071	33,634,342
Term Deposits		
- in VND	44,733,691	37,084,880
- in FC, gold	12,491,281	3,817,638
	61,979,076	46,680,157

7.2 Loans to other banks

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
in VND	3,500,000	4,290,000
in FC, gold	-	-
	3,500,000	4,290,000
Provision for loans to other banks	(27,150)	(9,375)
	3,472,850	4,280,625

Details of classification of loans to other banks as at 30 November 2011 and corresponding provisions in accordance with Decision 493 and Decision 18/2007/QD-NHNN and with policy of the Bank are as follow:

Classification	Loan Balance (*) VNDm	Special provision VNDm	General provision VNDm	Total provision VNDm
Current	3,620,000	-	27,150	27,150
Special Mention	-	-	-	-
Sub Standard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	3,620,000	-	27,150	27,150

(*): Loan balance as at 30 November 2011

As at 31 December 2011, the Bank has fully made general provision for loans to other banks.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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8. TRADING SECURITIES

Investments in trading securities as at 31 December 2011 include:

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Debt Securities		
Government bonds	29,611	29,123
Debt securities issued by other local credit institutions	233,584	53,951
Debt securities issued by local business entities	-	-
Foreign debt securities	-	-
Equity securities		
Equity securities issued by other local credit institutions	17,901	31,986
Equity securities issued by local business entities	276,262	115,701
Foreign equity securities	-	-
Other trading securities	-	-
Provision for trading securities	(14,654)	(6,558)
	542,704	224,203

Listing status of trading securities is as follows:

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Debt securities		
Listed	29,610	29,123
Unlisted	233,584	53,951
Equity securities		
Listed	35,779	37,921
Unlisted	258,385	109,766
Other trading securities		
Listed	-	-
Unlisted	-	-
	557,358	230,761

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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9. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS

	Total net book value (at the exchange rate of report date)	
	Assets VNDm	Liabilities VNDm
As at 31 Dec 2011		
Currency derivative financial instruments	20,236	-
Forward contracts	650	-
Swap contracts	19,586	-
Purchase of currency option contracts	-	-
<i>Put options</i>	-	-
<i>Call options</i>	-	-
Sale of currency option contracts	-	-
<i>Put options</i>	-	-
<i>Call options</i>	-	-
Currency futures	-	-
Other derivative financial instruments	-	-
As at 31 Dec 2011		
Currency derivative financial instruments	19,242	-
Forward contracts	2,184	-
Swap contracts	17,058	-
Purchase of currency option contracts	-	-
<i>Put options</i>	-	-
<i>Call options</i>	-	-
Sale of currency option contracts	-	-
<i>Put options</i>	-	-
<i>Call options</i>	-	-
Currency futures	-	-
Other derivative financial instruments	-	-

10. LOANS AND ADVANCES TO CUSTOMERS

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Loans to local business entities and individuals	289,730,503	229,521,886
Discounting valuable papers	292,741	1,795,264
Financial leases	1,540,216	1,222,332
Payables due to commitments to other parties on behalf of customers	4,701	-
Receivables from capital financing and investment trust	1,800,374	1,641,732
Trusted loans	65,776	23,594
Frozen loans and loans pending for resolution	1	1
	293,434,312	234,204,809

	2011 Interest rate % p.a	2010 Interest rate % p.a
Receivables from financial leases	from 13.5 to 22.39	9.8 to 19
Commercial loans in VND	from 5.5 to 25	from 6.8 to 22.2
Commercial loans in FC	from 2.4 to 16.5	from 4.7 to 14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

Form No. B05/TCTD-HN

10. LOANS AND ADVANCES TO CUSTOMERS (Continued)

Commercial loans comprise short-term, medium-term and long-term loans including syndicated loans led by or participated in by the Bank denominated in VND, USD and EUR.

10.1. Analysis of loan portfolio by quality

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Current	285,213,117	230,266,753
Special Mention	6,017,024	2,399,518
Substandard	1,071,421	924,605
Doubtful	220,213	410,692
Loss	912,537	203,241
	293,434,312	234,204,809

10.2. Analysis of loan portfolio by original term

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Short-term loans	176,912,428	141,377,034
Medium-term loans	30,533,167	27,660,107
Long-term loans	85,988,717	65,167,668
	293,434,312	234,204,809

10.3. Details of loan portfolio by type of business entity

Details of loan portfolio by type of business entity as at 31 December 2011 as follows:

	31 Dec 2011 VNDm	%
State-owned enterprises	34,773,113	11,85
One-member limited 100% state-owned enterprises,	27,198,114	9,27
Two-or-more-member limited 50%-or-more state-owned companies	1,895,364	0,65
Other limited companies	54,786,517	18,67
50%-or-more state-owned Joint Stock companies	42,979,362	14,65
Other joint-stock companies	58,176,163	19,82
Partnership companies	42,596	0,01
Private companies	11,370,707	3,88
Foreign invested enterprises	6,571,913	2,24
Cooperatives, cooperative union	1,391,181	0,47
Business households, individuals	52,606,407	17,93
Administrative units, parties, unions and associations	1,587,524	0,54
Others	55,351	0,02
	293,434,312	100,00

(*): In 2011, the Bank has changed its method of grouping loans to types of customers and business entities in accordance with Circular No. 21/2010/TT_NHNN dated 8 October 2011 on statistical reporting requirement applicable to SBV entities, credit institutions and foreign bank branches, effective from 1 July 2011. This change is not applied for 2010's figures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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10. LOANS AND ADVANCES TO CUSTOMERS (Continued)

10.3. Details of loan portfolio by type of business entity (continued)

Details of loan portfolio by type of business entity in 2010 as follows:

	31 Dec 2010 VNDm	%
Corporate loans		
Central state-owned enterprises	32,267,888	13,79
Provincial state-owned enterprises	5,673,085	2,42
State limited companies	16,491,032	7,04
Private limited companies	44,837,788	19,15
State joint-stock companies	36,217,108	15,46
Other joint-stock companies	37,369,256	15,96
Partnership companies	4,910	0,00
Private companies	10,735,599	4,58
Foreign invested enterprises	3,801,816	1,62
Co-operatives	1,146,287	0,49
Loans to individuals	45,391,524	19,38
Other loans	268,516	0,11
	234,204,809	100,00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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10. LOANS AND ADVANCES TO CUSTOMERS (continued)

10.4. Analysis of loan portfolio by type of industrial sectors

Analysis of loan portfolio by type of industrial sectors as at 31 December 2011 is as follows:

	31 Dec 2011(*) VNDm	%
Agricultural, Forestry and Aquaculture	9.112.689	3,11
Mining and quarrying	21.499.291	7,33
Manufacturing and processing	84.812.339	28,89
Electricity, Petroleum & Hot Water	24.373.721	8,31
Water supplying and garbage and sewage treatment and management	354.912	0,12
Construction	31.847.519	10,85
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal goods	34.466.215	11,75
Transport, warehouse	15.842.969	5,40
Hospitality services	3.618.270	1,23
Information and communications	1.335.496	0,46
Finance, Banking and Insurance	422.625	0,14
Real Estates	9.076.515	3,09
Science and Technology	309.435	0,11
Administrative activities and supporting service	287.768	0,10
State management, security and national defense: party, union, social guarantee	80.208	0,03
Education and Training	1.119.564	0,38
Health care and social work	1.447.394	0,49
Recreational, culture, sporting activities	343.923	0,12
Other service activities	5.228.762	1,78
Households	43.585.176	14,85
International organizations and bodies	81.082	0,03
Others	4.188.439	1,43
	293.434.312	100,00

(*): In 2011, the Bank has changed its method of grouping loans to industrial sector codes in accordance with Circular 21/2010/TT-NHNN dated 8 November 2011 on statistical reporting requirement applicable to SBV entities, credit institutions and foreign bank branches, effective from 1 July 2011. This change is not applied for 2010's figures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

Form No. B05/TCTD-HN

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

10.4. Analysis of loan portfolio by type of industrial sectors (continued)

Analysis of loan portfolio by type of industrial sectors as at 31 December 2010 is as follows:

	31 Dec 2010 VNDm	%
Agricultural and Forestry	3,998,167	1,71
Aquaculture	1,131,144	0,48
Mining and quarrying	13,538,616	5,78
Manufacturing and processing	66,521,754	28,39
Electricity, Petroleum & Water	8,398,249	3,59
Construction	26,761,802	11,43
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal goods	27,138,852	11,58
Hospitality services	4,846,514	2,07
Transport, warehouse and communications	17,249,959	7,37
Financial intermediation	1,549,524	0,66
Science and technology	220,294	0,09
Business and advisory services	3,351,458	1,43
State management, security and national defense: party, union, social guarantee	43,766	0,02
Education and training	973,029	0,42
Health care and social work	1,138,814	0,49
Recreational, culture, sporting activities	106,509	0,05
Community, social and personal service activities	12,963,851	5,54
Households	43,441,399	18,55
International organizations and bodies	4,084	0,00
Others	827,024	0,35
	234,204,809	100,00

11. CHANGES IN PROVISION FOR CREDIT LOSSES

The Bank classifies loans in compliance with Decision No.493/2005/QD-NHNN and Decision No.18/2007/QD-NHNN. Accordingly, annual provision for loans and advances to customers as at 31 December is based on the classification of loans and off-balance sheet items at 30 November.

Details of provision for credit losses on the consolidated balance sheet as at 31 December 2011 is as follows:

	Amount VNDm
Provision for loans and advances to customers	3,036,502
Provision for off-balance sheet items	435,811
	3,472,313

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

Form No. B05/TCTD-HN

11. CHANGES IN PROVISION FOR CREDIT LOSSES (continued)

11.1. Provision for loans and advances for customers

Changes in the provision for loans and advances to customers during the period from 1 January 2011 to 31 December 2011 are as follows:

	Specific provision VNDm	General provision VNDm	Total VNDm
Opening balance	1,122,147	1,648,608	2,770,755
Provision charged during the year	4,624,835	416,672	5,041,507
Write-off during the year (from January to November)	(1,490,991)	-	(1,490,991)
Balance as at 30 November	4,255,991	2,065,280	6,321,271
Write-off in December	(3,284,769)	-	(3,284,769)
Closing balance	971,222	2,065,280	3,036,502

Changes in the provision for loans and advances to customers during the period from 1 January 2010 to 31 December 2010 are as follows:

	Specific provision Restated VNDm	General provision VNDm	Total Restated VNDm
Opening balance	317,414	1,233,695	1,551,109
Provision charged during the year	2,238,980	411,993	2,650,973
Others	-	2,920	2,920
Balance as at 30 November	2,556,394	1,648,608	4,205,002
Write-off in December	(1,434,247)	-	(1,434,247)
Closing balance	1,122,147	1,648,608	2,770,755

The Bank classifies loans in compliance with Section 6, Decision 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN and the Bank's loan classification and provision for credit losses policy. Accordingly, provision for credit losses as at 31 December 2011 charged based on the classification of loans and off-balance sheet items as at 30 November 2011.

Details of loans classification as at 30 November 2011 and provision for those loans in accordance with Decision 493 and Decision 18/2007/QĐ-NHNN and with the Bank's loan classification and provision for credit losses policy are as follows:

Classification	Loan balance (*) VNDm	Specific provision VNDm	General provision VNDm	Total VNDm
Current	268,479,904	-	2,012,795	2,012,795
Special Mention	5,942,364	225,694	44,568	270,262
Substandard	840,372	125,043	6,303	131,346
Doubtful	215,034	78,578	1,614	80,192
Losses	4,225,778	3,826,676	-	3,826,676
	279,703,452	4,255,991	2,065,280	6,321,271

(*): balance as at 30 November 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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11. CHANGES IN PROVISION FOR CREDIT LOSSES (continued)

11.2. Provision for contingent liabilities and off-balance sheet items

Changes in provision for contingent liabilities and off-balance sheet items during the period from 1 January 2011 to 31 December 2011 are as follows:

	Specific provision VNDm	General provision VNDm	Total VNDm
Opening balance	323,622	267,220	590,842
Provision charged during the year/(Reversal provision during the year)	(255,323)	100,292	(155,031)
Closing balance	68,299	367,512	435,811

Changes in provision for contingent liabilities and off-balance sheet items during the period from 1 January 2010 to 31 December 2010 are as follows:

	Specific provision VNDm	General provision VNDm	Total VNDm
Opening balance	24,636	201,474	226,110
Provision charged during the year	298,986	65,746	364,732
Balance as at 30 November 2011	323,622	267,220	590,842
Write-off in December 2011	-	-	-
Closing balance	323,622	267,220	590,842

Provision for contingent liabilities and off-balance sheet items as at 30 November 2011 is as follows:

Classification	Off-balance sheet balance (*) VNDm	Specific provision VNDm	General provision VNDm	Total VNDm
Current	48,073,532	-	360,551	360,551
Special mention	887,667	44,084	6,658	50,742
Substandard	30,473	6,095	228	6,323
Doubtful	9,985	936	75	1,011
Losses	22,479	17,184	-	17,184
	49,024,136	68,299	367,512	435,811

(*)balance as at 30 November 2011

11.3. Level of adequacy of provision for credit loss

As at 30 November 2011, the Bank has fully charged the provision for credit loss of all its credit balance as at 30 November 2011 including general provision and specific provision regulated in Decision 493/2005/QD-NHNN and Decision 18/2007/QD-NHNN by the State Bank of Vietnam.

Provision for credit loss	Specific provision for loans VNDm	General provision for loans VNDm	Specific provision for off-balance sheet items VNDm	General provision for off-balance sheet items VNDm	Total VNDm
Decision 493	4,255,991	2,065,280	68,299	367,512	6,757,082
Booked by the Bank	4,255,991	2,065,280	68,299	367,512	6,757,082
Different	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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12. INVESTMENT SECURITIES

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Available-for-sale investment securities	65,320,966	55,645,824
Debt Securities	65,087,055	55,500,801
Government bonds	36,298,723	30,942,995
Debt securities issued by other local credit institutions	5,883,658	6,907,060
Debt securities issued by local business entities	22,904,674	17,650,746
Foreign debt securities	-	-
Equity securities	233,911	145,023
Equity securities issued by other local credit institutions	16,888	-
Equity securities issued by local business entities	217,023	145,023
Foreign equity securities	-	-
Provision for impairment of available-for-sale securities	(270,585)	(269,146)
Held-to-maturity investment securities	2,400,000	6,208,700
Securities issued by Government	2,200,000	2,378,700
Debt securities issued by other local credit institutions	-	80,000
Debt securities issued by local business entities	200,000	3,750,000
Foreign debt securities	-	-
Provision for impairment of held-to-maturity securities	(1,500)	-
	67,448,881	61,585,378

12.1 Provision for impairment of investment securities

Changes of provision for impairment of investment securities for the period from 1 January 2011 to 31 December 2011 are as follows:

	2011 VNDm	2010 VNDm
Opening balance	269,146	-
Provision charged during the year	503,189	269,146
Provision reversed during the year	(5,250)	-
Provision used for loans written-off during the year (*)	(495,000)	-
Closing balance	272,085	269,146

(*) During the year 2011, the Bank has written off bonds issued by Vietnam Shipbuilding Industry Group with the amount of 495 bVND.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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12. INVESTMENT SECURITIES (continued)

12.2 INVESTMENT SECURITIES (continued)

Listing status of investment securities are as follows:

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Available-for-sales investment securities	65,320,966	55,645,824
Debt securities	65,087,055	55,500,801
Government bonds		
- <i>Listed</i>	35,977,403	30,502,715
- <i>Unlisted</i>	321,320	440,280
Debt securities issued by other local credit institutions		
- <i>Listed</i>	387,805	387,075
- <i>Unlisted</i>	5,495,853	6,519,985
Debt securities issued by local business entities		
- <i>Listed</i>	-	-
- <i>Unlisted</i>	22,904,674	17,650,746
Equity securities	233,911	145,023
Equity securities issued by other local credit institutions		
- <i>Listed</i>	-	-
- <i>Unlisted</i>	16,888	-
Equity securities issued by local business entities		
- <i>Listed</i>	44,023	44,023
- <i>Unlisted</i>	173,000	101,000
Held-to-maturity investment securities	2,400,000	6,208,700
Securities issued by Government		
- <i>Listed</i>	-	174,700
- <i>Unlisted</i>	2,200,000	2,204,000
Debt securities issued by other local credit institutions		
- <i>Listed</i>	-	-
- <i>Unlisted</i>	-	80,000
Debt securities issued by local business entities		
- <i>Listed</i>	-	-
- <i>Unlisted</i>	200,000	3,750,000
	67,720,966	61,854,524

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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13. LONG-TERM INVESTMENTS

Changes in long-term investments during the period from 1 January 2011 to 31 December 2011 are as follows:

	<i>Investments in joint-venture</i>	<i>Investments in Associates</i>	<i>Other long-term investments</i>	<i>Total</i>
	VNDm	VNDm	VNDm	VNDm
Balance as at 1 January 2011	1,782,208	-	310,548	2,092,756
Increase in contributed capital during the year	400,000	25,000	4,780	429,780
Share of gain/(loss) under equity method	237,437	4	-	237,441
Difference from translation of financial statements	181,396	-	-	181,396
Reclassification (*)	-	-	(16,888)	(16,888)
Balance as at 31 December 2011	2,601,041	25,004	298,440	2,924,485

Changes in long-term investments during the period from 1 January 2010 to 31 December 2010 are as follows:

	<i>Investments in joint-venture</i>	<i>Investments in Associates</i>	<i>Other long-term investments</i>	<i>Total</i>
	VNDm	VNDm	VNDm	VNDm
Balance as at 01 January 2010	1,294,150	3,160	166,446	1,463,756
Increase in contributed capital during the period	390,000	-	188,125	578,125
Share of gain/(loss) under equity method	121,475	-	-	121,475
Difference from translation of financial statements	60,031	-	-	60,031
Less: Dividends received during the period	(83,448)	-	-	(83,448)
Reclassification (*)	-	-	(44,023)	(44,023)
Decrease in contributed capital during the year	-	(3,160)	-	(3,160)
Provision for impairment				
Balance as at 31 December 2010	1,782,208	-	310,548	2,092,756

13.1 Investment in joint venture

Details of investment in associate as at 31 December 2011 and 31 December 2010 are as follows:

	31 Dec 2011				31 Dec 2010			
	<i>Cost in original currency (USD)</i>	<i>Cost in VND Equiv. VNDm</i>	<i>Carrying value under equity method VNDm</i>	<i>% owned by the Bank</i>	<i>Cost in original currency (USD)</i>	<i>Cost in VND Equiv. VNDm</i>	<i>Carrying value under equity method VNDm</i>	<i>% owned by the Bank</i>
INDOVINA Joint Venture Bank	82,500,000	1,392,058	2,186,763	50%	82,500,000	1,392,058	1,782,208	50
Vietinbank Aviva Life Insurance Company Limited	-	400,000	414,278	50%				
	82,500,000	1,792,058	2,601,041		82,500,000	1,392,058	1,782,208	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

Form No. B05/TCTD-HN

13. LONG-TERM INVESTMENTS (continued)

13.1 Investment in joint venture (continued)

Indovina Joint Venture Bank was established in Vietnam with headquarter located in Hochiminh City; its main activity is providing banking services. Indovina Bank is a joint venture between Vietinbank and a Taiwanese bank, Cathay United Bank. Indovina has received the Certificate of Operation No. 08/NH-GP dated 29 October 1992 by the SBV with the operating period of 20 years and initial chartered capital of USD 10,000,000.

Since establishment, chartered capital of Indovina Bank has been increased several times under the approval of the State Bank of Vietnam, accordingly, the capital contributed by both parties concurrently increased while the ownership proportion remained unchanged. As at 31 December 2011, Indovina's chartered capital is USD 165,000,000.

Vietinbank Aviva Life Insurance Company Limited was established in Vietnam, having its headquarter located on 10th floor tower B Handi Resco Building, 512 Kim Ma, BaDinh, Hanoi; Its main service line is life insurance. This is the joint venture with Aviva International Holdings Limited. The Joint Venture has received the License of Establishment and Operation No 64GP/KDBH issued by the Ministry of Finance with the operating period of 50 years and initial chartered capital of VNDb 800.

13.2 Investment in associate

Details of other long-term investments as at 31 December 2011 and 31 December 2010 are as follows:

	31 Dec 2011				31 Dec 2010			
	Cost in original currency (USD)	Cost in VND Equiv. VNDm	Carrying value under equity method VNDm	% owned by the Bank	Cost in original currency (USD)	Cost in VND Equiv. VNDm	Carrying value under equity method VNDm	% owned by the Bank
South Quang Ngai Urban areas Investment and Development Joint-stock Company	-	25,000	25,004	50%	-	-	-	-
	-	25,000	25,004		-	-	-	

The investment in South Quang Ngai Urban areas Investment and Development Joint-stock Company is made through its subsidiary - Vietinbank Fund Management Company Ltd..

13.3 Other long-term investments

Details of other long-term investments as at 31 December 2011 and 31 December 2010 are as follows:

	31 Dec 2011			31 Dec 2010		
	Cost VNDm	Carrying value VNDm	% owned by the Bank %	Cost VNDm	Carrying value VNDm	% owned by the Bank %
Investment in credit institutions						
Saigon Bank for Industry and Trade	270,478	270,478	9.14	270,478	270,478	11.00
Gia Dinh Commercial Joint Stock Bank	-	-	-	16,888	16,888	0.84
Central People's Credit Fund	5,000	5,000	0.25	5,000	5,000	0.45
Investment in business entities						
Vietnam National Financial Switching Company	15,000	15,000	11.90	15,000	15,000	11.90
PCB Investment JS Company	7,962	7,962	9.84	3,182	3,182	9.09
	298,440	298,440		310,548	310,548	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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14. FIXED ASSETS

14.1. Tangible fixed assets

Movements of tangible fixed asset categories for the year ended 31 December 2011 are as follows:

	<i>Buildings & construction</i> VNDm	<i>Machines & equipments</i> VNDm	<i>Motor vehicles</i> VNDm	<i>Others</i> VNDm	<i>Total</i> VNDm
Cost					
As at 1 January 2011 (restated)	935,147	2,823,953	560,530	276,413	4,596,043
Acquisitions during the year	149,934	174,511	79,739	32,331	436,515
Constructions completed	140,418	2,981	-	4,119	147,518
Other additions	83,291	316,428	54,842	8,568	463,129
Disposals	(12,355)	(60,608)	(15,319)	(7,844)	(96,126)
Other decreases	(695)	(457)	(1,276)	(2,848)	(5,276)
Reclassification	(163)	27,563	(10,217)	(17,183)	-
As at 31 December 2011	1,295,577	3,284,371	668,299	293,556	5,541,803
Accumulated depreciation					
As at 1 January 2011 (restated)	393,511	1,557,481	280,850	157,855	2,389,697
Depreciation charged during the year	86,820	485,551	78,668	42,172	693,211
Disposals	(14,159)	(47,788)	(16,375)	(10,781)	(89,103)
Reclassification	27	13,265	(3,169)	(10,123)	-
Other decreases	-	-	-	(275)	(275)
As at 31 December 2011	466,199	2,008,509	339,974	178,848	2,993,530
Net book value					
As at 1 January 2011 (restated)	541,636	1,266,472	279,680	118,558	2,206,346
As at 31 December 2011	829,378	1,275,862	328,325	114,708	2,548,273

Movements of tangible fixed asset categories during the fiscal year ended 31 December 2010 – restated:

	<i>Buildings & construction</i> VNDm	<i>Machines & equipments</i> VNDm	<i>Motor vehicles</i> VNDm	<i>Others</i> VNDm	<i>Total</i> VNDm
Cost:					
As at 1 January 2010	835,803	2,216,774	446,709	200,231	3,699,517
Acquisitions during the period	8,243	691,016	122,176	66,715	888,150
Constructions completed	145,443	5,092	-	12,669	163,204
Other additions	401	-	1,277	-	1,678
Disposals	(49,178)	(87,080)	(9,632)	(3,179)	(149,069)
Other decreases	(5,565)	(1,849)	-	(23)	(7,437)
As at 31 December 2010	935,147	2,823,953	560,530	276,413	4,596,043
Accumulated depreciation					
As at 1 Jan 2010	363,336	1,193,954	235,107	131,876	1,924,273
Depreciation charged in the period	69,089	449,846	55,106	26,795	600,836
Disposals	(38,914)	(86,319)	(9,363)	(816)	(135,412)
As at 31 December 2010	393,511	1,557,481	280,850	157,855	2,389,697
Net book value					
As at 1 January 2010	472,467	1,022,820	211,602	68,355	1,775,244
As at 31 December 2010	541,636	1,266,472	279,680	118,558	2,206,346

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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14. FIXED ASSETS (continued)

14.2 Intangible fixed assets

Movements of intangible fixed asset categories for the year ended 31 December 2011 are as follows:

	Term land use right VNDm	Accounting software VNDm	Others VNDm	Total VNDm
Cost				
As at 1 January 2011 (Restated)	953,066	319,939	11,219	1,284,224
Acquisitions during the year	170,559	94,479	-	265,038
Disposals	(9,994)	(96,629)	-	(106,623)
Reclassifications	1,411	(1,411)	-	-
As at 31 December 2011	1,115,042	316,378	11,219	1,442,639
Accumulated amortization				
As at 1 January 2011 (Restated)	49,133	135,551	3,540	188,224
Charged during the year	12,297	45,223	-	57,520
Decreases during the year	(467)	(582)	-	(1,049)
Reclassifications	1,456	(1,456)	-	-
As at 31 December 2011	62,419	178,736	3,540	244,695
Net book value				
As at 1 January 2011 (Restated)	903,933	184,388	7,679	1,096,000
As at 31 December 2011	1,052,623	137,642	7,679	1,197,944

Movements of intangible fixed asset categories for the year ended 31 December 2010 (restated) are as follows:

	Ciputra land lease payment (*) VNDm	Term land use right VNDm	Accounting software VNDm	Others VNDm	Total VNDm
Cost					
As at 1 January 2010	849,888	681,362	215,460	9,906	1,756,616
Acquisitions during the year	-	274,114	104,479	1,452	380,045
Other increases	-	4,701	-	-	4,701
Disposals	-	(5,373)	-	(139)	(5,512)
Other decreases	(849,888)	(1,738)	-	-	(851,626)
As at 31 December 2010	-	953,066	319,939	11,219	1,284,224
Accumulated amortization					
As at 1 January 2010	84,988	36,669	111,573	1,100	234,330
Charged during the year	-	16,297	23,978	2,579	42,854
Other decreases	(84,988)	(3,833)	-	(139)	(88,960)
As at 31 December 2010	-	49,133	135,551	3,540	188,224
Net book value					
As at 1 January 2010	764,900	644,693	103,887	8,806	1,522,286
As at 31 December 2010	-	903,933	184,388	7,679	1,096,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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15. OTHER ASSETS

	31 Dec 2011 VNDm	31 Dec 2010 Restated VNDm
Receivables	5,556,418	3,049,100
<i>Include:</i>		
- <i>Constructions in progress (Note 15.1)</i>	<i>1,531,005</i>	<i>941,978</i>
- <i>Purchases and major repair of fixed assets</i>	<i>1,660,728</i>	<i>602,025</i>
- <i>Other receivables (Note 15.2)</i>	<i>2,364,685</i>	<i>1,505,097</i>
Interest and fee receivables	6,664,631	4,886,424
Other assets (Note 15.3)	2,044,263	2,330,346
Provision for impairment of other assets	(8,565)	(4,718)
	14,256,747	10,261,152

15.1. Constructions in progress

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Constructions in progress		
<i>In which: Major constructions:</i>		
Construction of Head Office at Ciputra	433,595	225,915
Construction of Van Canh project, Ha Tay	262,857	160,014
Ly Thuong Kiet construction project	168,546	130,611
Construction of Head office – Ba Dinh Branch	77,725	55,581
Construction of Head office – Son La Branch	50,057	-
Construction of Head office - Branch 1	40,310	-
Construction of office – Branch 7	35,992	16,614
Construction of Representative office – Central Region	33,484	28,971
Construction of Head office – Bien Hoa Industrial zone Branch	33,125	16,684
Construction at No. 635B Nguyen Trai	33,154	2,455
Construction of Education Centre in Hue	13,648	3,314
Construction of Head Office – Hoang Mai Branch	13,420	12,783
Construction of office – Thanh Xuan Branch	10,002	80,227
Construction of office – North Hanoi Branch	23,503	-
Construction of office – Tay Ninh Branch	14,863	-
Construction of Head Office – Binh Tan Branch	16,203	-
Other constructions	270,521	208,809
	1,531,005	941,978

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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15. OTHER ASSETS (continued)

15.2. Receivables

	31 Dec 2011 VNDm	31 Dec 2010 restated VNDm
Receivables from internal activities		
Advances for other operating activities	176,869	78,011
Receivables from external activities		
Receivables from bonds at maturity	650,000	-
Receivables from SBV in clearing settlement	286,944	-
Receivables from State budget	240,482	303,186
Advance for land rental of Thuan An Building	231,717	231,717
Receivable from card operation	122,834	40,774
Advance for land rental of Thuan An Holding Building	120,219	120,219
Deposit for purchasing 34 Cua Nam assets	63,318	-
Deposit for purchasing Ranayama in Lao for Head office of Lao Branch	42,022	-
Receivables from the Bank modernization project	85,164	-
Advance for office rental of Chuong Duong Branch	87,333	55,000
Advance for land rental at 25 Ly Thuong Kiet	36,011	36,011
Advance for office rental of Hanoi Branch to Hoang Gia Real Estate Ltd.,	32,414	-
Advance for charity and social welfare activities	17,861	35,301
Advance for Germany Branch establishment	32,586	-
Advance for purchasing 113 Nguyen Thien Thuat building- Nha Trang city	-	31,658
VAT receivables	87,838	88,332
Other receivables	51,073	484,888
	2,364,685	1,505,097

15.3. Other assets

	31 Dec 2011 VNDm	31 Dec 2010 Restated VNDm
Investments in financial lease assets	96,147	152,254
Materials and equipments	63,991	49,954
Prepaid office rentals (*)	1,795,186	1,751,080
Prepaid interest expenses	-	360,421
Prepaid expense (borrow of Credit Suisse bank to fund projects of Petro Vietnam)	64,684	-
Goodwill (Note 16)	13,612	15,427
Other assets	10,643	1,210
	2,044,263	2,330,346

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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15. OTHER ASSETS (continued)

15.3. Other assets (continued)

(*): Details of prepaid land, office rentals as at 31 December 2011 and 31 December 2010 are as follows:

	31 Dec 2011 VNDm	31 Dec 2010 restated VNDm
Land rental at Nam Thang Long City Complex	723,568	744,255
Office rental at 34 Cua Nam	538,152	550,118
Office rental at 25 Ly Thuong Kiet	146,385	150,242
Office rental at 8 Ho Tung Mau	58,709	59,956
Office rental (Vinaconex 9 building) - Nguyen Trai Branch	35,652	36,642
Land rental at Hiep Phuoc Industrial zone and Nha Be Branch	34,253	38,940
Office rental at 6 Ngo Quyen	16,501	41,254
Others	241,966	129,673
	1,795,187	1,751,080

15.4. Provision for other assets

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Provision for receivables	(7,435)	(4,718)
Other provision	(1,130)	-
	(8,565)	(4,718)

16. GOODWILL

Goodwill represents business goodwill resulted from the business valuation for equitization of the Bank's subsidiary - Vietinbank Securities Company (now known as Vietinbank Securities Joint stock Company).

	2011 VNDm	2010 VNDm
Total goodwill	18,149	18,149
Amortization period	10 years	10 years
Accumulated amortized goodwill as at the beginning of the period	(2,722)	(907)
Goodwill not yet amortized as at the beginning of the period	15,427	17,242
Goodwill increased during the period		
- Goodwill increased during the period	-	-
- Adjustments for changes in value of identifiable assets and liabilities	-	-
Goodwill decreased during the period		
- Decrease from partly or entire sale and disposal of credit institution	-	-
- Amortized during the period	(1,815)	(1,815)
- Other decreases	-	-
Total goodwill not yet amortized as at the end of the period	13,612	15,427

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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17. BORROWINGS FROM THE STATE BANK OF VIETNAM AND THE MINISTRY OF FINANCE

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Borrowings for Banking Modernization Project	44,493	49,430
Borrowings for re-funding SOEs	12,518	15,606
Discounting and rediscounting valuable papers	2,826,607	10,702,164
Borrowings for re-financing activities	24,000,000	32,000,000
Current accounts held by the State Treasury		
- By VND	410,111	453,423
- By USD	4	55
	27,293,733	43,220,678

Borrowings from the SBV include:

- Borrowings denominated in foreign currencies to implement the Banking and Settlement System Modernization Project is to pay providers of the Bank's Information Technology System. These borrowings have term of 20 years and bear annual interest at rates ranging from 2.33% to 3.44% (equivalent LIBOR 6 months + 1.50% per annum + 0.2% per annum (service charge));
- Borrowings for re-funding of SOEs were granted by SBV with an aim to reduce the financial pressure causing from frozen loans under the instructions of the Government. These are non-interest bearing borrowings and could be extended based on actual repayment status of the frozen loans. The SBV will decide resolution for the loans after frozen period of 3 to 5 years on a case by case basis;
- Borrowings for re-financing activities are subsidized borrowings from the SBV to lending within the framework of rural agriculture and export program in ordinance with Decree No. 141/ND-CP, Circular 14/TT-NHNN, Resolution No. 11/NQ-CP and Directive 01/CT-NHNN with interest rates of 14% per annum.

18. DEPOSITS AND BORROWINGS FROM OTHER BANKS

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Deposits from other banks	58,211,970	26,188,144
Borrowings from other banks	16,195,943	8,908,582
	74,407,913	35,096,726

18.1 Deposits from other banks

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Current accounts		
- In VND	1,380,606	1,525,281
- In FC	1,590,416	419,975
Term deposits		
- In VND	41,701,974	17,558,473
- In FC	13,538,974	6,684,415
	58,211,970	26,188,144

18.2 Borrowings from other banks

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
In VND	-	-
In FC	16,195,943	8,908,582
	16,195,943	8,908,582

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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19. CUSTOMER DEPOSITS AND OTHER AMOUNTS DUE TO CUSTOMERS

19.1. Balances by types of deposits

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Demand deposits		
Demand deposits in VND	37,353,738	33,698,994
Demand saving deposits in VND	294,109	209,839
Demand deposits in gold, foreign currencies	8,945,003	6,668,179
Demand saving deposits in gold, foreign currencies	5,764	17,116
Term deposits		
Term deposits in VND	58,921,236	52,323,877
Term saving deposits in VND	120,831,954	85,010,658
Term deposits in gold, foreign currencies	3,673,409	3,007,059
Term saving deposits in gold, foreign currencies	17,689,116	15,902,641
Deposits for specific purpose		
Deposits for specific purpose in VND	422,761	795,343
Deposits for specific purpose in foreign currencies	569,336	610,705
Margin deposits		
Margin deposits in VND	5,124,371	4,169,888
Margin deposits in gold, foreign currencies	2,480,806	2,052,923
Other amounts due to customers	962,105	1,451,483
	257,273,708	205,918,705

	2011 interest rate %p.a	2010 interest rate %p.a
Demand deposits in VND	0 to 6	0 to 4.2
Demand saving deposits in VND	1.2 to 6	2.2 to 4.5
Demand deposits in gold, foreign currencies	0 to 2.4	0 to 1.2
Demand saving deposits in gold, foreign currencies	0 to 0.2	0.1 to 0.2
Term deposits in VND	3.0 to 14	6 to 15.5
Term saving deposits in VND	2.4 to 14	2.4 to 14.4
Term deposits in gold, foreign currencies	0.3 to 2.2	0.7 to 2.2
Term saving deposits in gold, foreign currencies	0.05 to 6.0	0.3 to 6
Certificate of deposits in VND	2 to 14	2.4 to 14.4
Certificate of deposits in foreign currencies	1 to 3.5	0.1 to 5

For term deposits, if they are withdrawn before maturity, the interest rates for demand deposits are applied.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

Form No. B05/TCTD-HN

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

19.2. Analysis of customer deposit portfolio by types of customers

Analysis of customer deposit portfolio by types of customers as at 31 December 2011

	31 Dec 2011 (*) VNDm
State-owned companies	39,909,650
One-member limited 100% state-owned companies	25,375,595
Two-or-more-member limited 50%-or-more state-owned companies	696,209
Other limited companies	7,845,564
50%-or-more state-owned Joint Stock companies	15,089,364
Other Joint Stock companies	11,029,407
Partnership companies	804,570
Private companies	710,786
Foreign invested companies	7,391,148
Cooperatives, cooperative union	294,129
Business households, individuals	131,303,286
Administrative units, parties, unions and associations	2,321,972
Others	14,502,028
Total	257,273,708

(*): In 2011, the Bank has changed the grouping method of customer deposit portfolio by types of customers in accordance with Circular No.21/2010/TT-NHNN dated 8 October on statistical reporting requirement applicable to SBV entities, credit institutions and foreign bank branches, effective from 1 July 2011. This change is not applied for 2010's figures.

Analysis of customer deposit portfolio by types of customers as at 31 December 2010

	31 Dec 2011 (*) VNDm
Deposits from business entities	98,787,359
State-owned enterprises	69,748,737
Private enterprises and others	22,834,220
Foreign invested enterprises	6,204,402
Deposits from individuals	106,890,638
Deposits from others	240,708
	205,918,705

20. DEBTS ISSUED AND OTHER BORROWED FUNDS

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Funds received from other organizations and individuals in VND	29,526,671	20,126,734
Funds received from other organizations and individuals in FC	2,791,295	2,100,799
Funds received from international organizations in VND	1,391,147	1,267,922
Funds received from international organizations in FC	3,115,395	345,382
	36,824,508	23,840,837

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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20. DEBTS ISSUED AND OTHER BORROWED FUNDS (continued)

20.1 Funds received from other organizations in VND

Details of funds received from other local organizations in VND as follows:

Organizations	Term	31 Dec 2011	Interest rate (% p.a.)
Vietnam Social Insurance	Current and 24 months	20,021,081	0-14
State Capital Investment Corporation (SCIC)	Current and 14 weeks	4,227,386	3-14
Debt Management and Financial Foreign Affair Department – Ministry of Finance	Current and 28 weeks	1,348,736	0-14
Hochiminh City Investment Fund for Urban Development	Current and 3 months	747,217	2.4-14
Bao Viet Corporation	Current and 27 weeks	639,617	0-14
Debt and Asset Trading Corporation	1 month and 3 months	450,000	0-14
Bao Minh Insurance Corporation	Current and 12 months	150,756	0-14
International Credit Projects Management Department - SBV	Current	331,895	0-3
Vietnam National Reinsurance Corporation	1 month and 3 months	61,000	14.0
Others	Current and 28 weeks	1,548,983	0-14
		29,526,671	

20.2 Funds received from other organizations in foreign currency

Details of funds received from other organizations in foreign currency as at 31 December 2011 are as follows:

Organizations	Term	31 Dec 2011	Interest rate (% p.a.)
Debt Management and Financial Foreign Affair Department – Ministry of Finance	1 month and 6 months	1,677,864	0-0.5
The Ministry of Finance	Current	317,987	0.1
YKVN Law Firm	12 months	32,242	3.5-4.5
International credit project management, State bank of Vietnam	Current	24,494	0-0.1
Vietnam National Reinsurance Corporation	2 months	20,828	0.5
United Insurance Company of Vietnam	14 days	18,745	0.5
Others	Current và 12 months	699,135	0-5.7
		2,791,295	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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20. DEBTS ISSUED AND OTHER BORROWED FUNDS (continued)

20.3. Funds received from international organizations

Organizations	31 Dec 2011 VNDm	31 Dec 2010 VNDm
In VND		
Funds received from Japan Bank of International Corporation ("JBIC")	1,228,751	444,301
Funds received from Kreditanstalt Fur Wiederaufbau – ("KFW")	136,621	138,992
Funds received from European Commission -Project Small and Medium Enterprise Development Fund – ("SMEDEF")	17,775	44,470
Funds received from JICA	-	640,159
Others	8,000	-
	1,391,147	1,267,922
In foreign currency		
Secondary funds via IFC	2,603,500	-
Funds received from Deutsche Investitions – und Entwicklungsgesellschaft mbH ("DEG")	271,566	283,742
Funds received from Energy Efficiency Program	-	32,184
ODA Funds received from International Development Association (World Bank)	239,703	29,456
Others	626	-
	3,115,395	345,382
	4,506,542	1,613,304

Funds received from international organizations comprise mainly funds received under the framework of the country development assistance program, details as follow:

Delegations	Effected year	Term (years)	Grace period (year)	31 Dec 2011 VNDm	Interest rates (% p.a.)	31 Dec 2010 VNDm	Interest rates (% p.a.)
Borrow from IFC	2011	10	-	2,603,500	3.96% for the first 5 years. floating interest rate for the next 5 years	-	-
JIBIC	1999	<10	1 – 2	1,228,751	7.5 to 12.48	444,301	6.5 to 9.24
DEG	2003	40	10	271,566	0.75	283,742	0.75
International Development Association	2010	1 to 3	-	239,703	0.92	29,456	1
KFW	2001	40	10	136,621	13	138,992	5
SMEDF	1998	1 to 7	1	17,775	9.5 to 11	44,470	9 to 11
Energy Efficiency Program	-	-	-	-	-	32,184	0.1 to 0.3
JICA	-	-	-	-	-	640,159	7
Others				8,626		-	-
				4,506,542		1,613,304	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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21. VALUABLE PAPERS ISSUED

	31 Dec 2011 VNDm	31 Dec 2010 VNDm
Certificates of deposits		
Term under 12 months	1,732,638	505,207
Term from 12 months to under 5 years	1,593,589	2,928,794
Term from 5 years and over	50	-
Bills		
Term under 12 months	617,567	105,856
Term from 12 months to under 5 years	-	6
Term 5 years and over	-	-
Bonds		
Term under 12 months	-	-
Term from 12 months to under 5 years	7,095,250	7,095,250
Term from 5 years and over	-	-
Other valuable papers		
Term under 12 months	50,023	93,170
Term from 12 months to under 5 years	-	-
Term from 5 years and over	-	-
	11,089,117	10,728,283

22. OTHER LIABILITIES

	31 Dec 2011 VNDm	31 Dec 2010 Restated VNDm
Interest payables	4,834,923	3,559,978
Deferred tax payables (Note 23.2)	-	130
Other payables and other liabilities (Note 22.1)	19,744,820	26,372,017
Provision for contingent liabilities and off-balance sheet commitments (Note 11)	435,811	590,842
	25,015,554	30,522,967

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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22. OTHER LIABILITIES (continued)

Other payables and other liabilities

	31 Dec 2011 VNDm	31 Dec 2010 Restated VNDm
Payables for internal activities		
Payables to employees	1,194,271	1,245,795
Payables relating to bonus and welfare fund	1,638,501	1,350,332
Deferred income from financial instruments	107,684	290,231
Payables to Trade Union	99,223	76,466
Termination allowance reserve	737	620
Payables for external activities		
Inter-settlements with State Treasury (*)	13,322,684	20,894,048
Corporate income tax payables	700,916	711,840
Other payment in process	603,131	402,794
Inter-settlements between credit institutions	854,042	209,696
Payables to SBV in clearing settlement	104,531	86,574
Margin deposits of investors in Securities business	577,279	130,415
Technical reserves of Vietinbank Insurance Company	77,346	77,953
Other tax payables	73,964	88,282
Payables for insurance of deposit	48,933	32,657
Payable to the SBV from recovery of written-off bad debts	35,408	212,246
Payable relating to trade finance activities	8,286	41,630
Payables relating to financial leases	5,144	19,511
Payables to suppliers relating to the Bank Modernization Project	-	120,294
Payables relating constructions	-	18,878
Money transfer payables in USD	28,056	78,164
Money transfer payables in VND	22,271	53,796
Other payables	242,413	229,795
	19,744,820	26,372,017

(*): The Bank restated "the inter-settlements with State Treasury" from debt issued and other borrowed funds to other payables and liabilities. The presentation is applied for balance as at 31 December 2010.

23. OBLIGATIONS TO THE STATE BUDGET OF THE BANK

	Balance as at 01 Jan 2011 VNDm	Adjustment of opening balance VNDm	Movement during the period		Balance as at 31 Dec 2011 VNDm
			Payables VNDm	Paid VNDm	
Value Added Tax	(88,332)	-	92,441	91,947	(87,838)
Corporate Income Tax	731,962	361	2,132,654	2,164,061	700,916
Other taxes	88,282	(27)	501,989	516,280	73,964
	731,912	334	2,727,084	2,772,288	687,042

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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23. OBLIGATIONS TO THE STATE BUDGET OF THE BANK (continued)

23.1 Current corporate income tax

The Bank has obligation to pay Corporate Income Tax at the rate of 25% of taxable profits (2010: 25%).

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

Current corporate income tax (CIT) payables are determined based on taxable income of the current year. Taxable income is different from the one reported in the consolidated income statement because taxable income excludes taxed income and deducted expenses in years due to the difference between Vietinbank accounting policies and current tax regulations, and also excludes items which are exempted or non-deductible for tax calculation. Current corporate income tax payable of the Bank is calculated using the tax rate applicable to the end of the fiscal year.

	Balance as at 01 Jan 2011 VNDm	Adjustment of opening balance VNDm	Movement during the period		Balance as at 31 Dec 2011 VNDm
			Payables VNDm	Paid VNDm	
Current income tax from operating activities	705,637	361	2,131,041	2,136,306	700,733
Current income tax from real estate transfer activities	26,325	-	1,613	27,755	183
	731,962	361	2,132,654	2,164,061	700,916

23.1.1 Corporate income tax from operating activities

	2011 VNDm	2010 Restated VNDm
Profit before tax	8,392,021	4,638,282
<i>Less:</i>		
Tax-exempted dividend income exempted	(12,461)	(37,101)
Income from Government Education Bonds exempted from CIT	-	(207,087)
Income from real estate transfer	(6,450)	(115,021)
Profit of subsidiaries	(356,735)	(154,875)
Share of profits in joint ventures under equity method	(237,437)	(121,475)
Reversal of general provision created for loans granting to the Bank's subsidiaries	(1,280)	(4,894)
<i>Plus:</i>		
Provision created for Debt securities issued by Vinashin	394,944	250,000
Non-deductible foreign exchange loss from re-evaluation of foreign currencies and derivatives instruments	-	95,623
Costume expenses exceed the deductible limit	-	7,227
Taxable income of the Bank	8,172,602	4,350,679
CIT expense of the Bank at tax rate of 25%	2,043,151	1,087,670
CIT expense of subsidiaries	87,890	35,169
Total CIT in period/ fiscal year	2,131,041	1,122,839
CIT payable at the beginning of period	705,637	589,191
CIT paid	(2,136,306)	(1,096,772)
Adjustment according to the Finalization Tax Report	-	92,845
Adjustment on CIT of subsidiaries	361	(2,466)
CIT payables at the end of period	700,733	705,637

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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23. OBLIGATIONS TO THE STATE BUDGET OF THE BANK (continued)

23.1 Current corporate income tax (continued)

23.1.2 Corporate income tax for real estate transfer

	2011 VNDm
Profit before tax	27,342
<i>Less</i>	
Cost	(18,860)
Other expenses	(2,032)
Taxable income	6,450
CIT expense of the Bank at tax rate of 25%	1,613
Total CIT in period/ fiscal year	1,613
CIT payable at the beginning of period	26,325
CIT paid	27,755
Total CIT payable at the end of the period	183

23.2. Deferred Corporate Income Tax

	<i>Balance as at 01 Jan 2011</i>	<i>Adjustment</i>	<i>Balance as at 31 Dec 2011</i>
	VNDm	VNDm	VNDm
Deferred Corporate Income Tax Assets	-	-	-
Deferred Corporate Income Tax Liabilities	(130)	130	-
	(130)	130	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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24. OWNERS' EQUITY AND RESERVES

24.1. Changes in owners' equity and minority interest

Changes in the Bank's capital for the period from 01 January 2011 to 31 December 2011 are detailed below:

Figures	Chartered capital	Share premium	Difference from financial statements translation	Financial reserve	Capital supplementary reserve	Undistributed earnings/accumulated losses	Minority interest	Total
Opening balance	15,172,291	89,778	118,766	438,356	133,541	2,247,814	201,913	18,402,459
Capital increase	5,057,431	-	-	-	-	-	-	5,057,431
Share premium	-	1,854,391	-	-	-	-	-	1,854,391
Net profit for the period	-	-	-	-	-	6,243,795	15,572	6,259,367
Increase from the translation of financial statements for consolidation purpose	-	-	181,397	-	-	-	-	181,397
Adjustment of appropriation to reserves for previous period	-	-	-	10,142	51	(10,193)	-	-
Adjustment of appropriation to Bonus and welfare fund for previous period	-	-	-	-	-	232	-	232
Adjustment of bonus fund for BOD for previous period	-	-	-	-	-	(500)	-	(500)
Adjustment of reserves according to The State Audit	-	-	-	4,410	-	-	-	4,410
Share dividend payment of 2010	-	-	-	-	-	(2,043,709)	-	(2,043,709)
Reserve for current fiscal year	-	-	-	578,442	312,190	(1,891,632)	-	(1,001,000)
Utilisation	-	-	-	(929)	-	-	-	(929)
Others	-	-	-	-	-	(5,168)	-	(5,168)
Decrease in minority interest due to purchase of treasury shares of subsidiaries	-	-	-	-	-	-	(8,989)	(8,989)
Closing Balance	20,229,722	1,944,169	300,163	1,030,421	445,782	4,540,639	208,496	28,699,392

Unit: VNDm

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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24. OWNERS' EQUITY AND RESERVES (continued)

24.1. Changes in owners' equity and minority interest (continued)

Details in increase of the Bank's chartered capital are as follows:

Date	Resolution	Value	Form
10 Mar 2011	Resolution No.04/NQ-ĐHĐCĐ	1,685,810	Placement
28 Dec 2011	Resolution No.04/NQ-ĐHĐCĐ	3,371,621	Share issuance to existing shareholders
		5,057,431	

Details of investment capital into the Bank are as follows:

	31 Dec 2011		31 Dec 2010	
	Total share units	ordinary shares VNDm	Total share units	ordinary shares VNDm
Investment capital of the Government	1,624,570,174	16,245,701	1,353,808,479	13,538,084
Contributed capital (shareholders, members...)	398,401,987	3,984,021	163,420,642	1,634,207
Share premium	N/A	1,944,169	N/A	89,778
	2,022,972,161	22,173,891	1,517,229,121	15,262,069

Details of the Bank's shares are as follows:

	2011 Unit	2010 Unit
Number of registered shares for issue	2,022,972,161	1,517,229,121
Number of shares offered to public	168,581,013	163,420,642
- Ordinary shares	168,581,013	163,420,642
- Preferred shares	-	-
Repurchased shares	-	-
- Ordinary shares	-	-
- Preferred shares	-	-
Number of shares in circulation	2,022,972,161	1,517,229,121
- Ordinary shares	2,022,972,161	1,517,229,121
- Preferred shares	-	-
Nominal value of share (VND)	10,000	10,000

24.2. Statutory reserves of the Bank

According to Laws on Credit Institutions No. 47/2010/QH12 effective from 01 January 2011, joint-stock commercial banks have to establish statutory reserves in proportion to their profit after tax as follows:

	Annual allocation from the profit after tax	Maximum balance
Supplementary capital reserve	5%	100% chartered capital
Financial reserve	As Resolution of the General shareholders meeting	N/A

The appropriation of other funds is upon credit institution's own decision.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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24. OWNERS' EQUITY AND RESERVES (continued)

24.3. Statutory reserves of Subsidiaries

24.3.1. Statutory reserves of Vietinbank Securities Joint stock Company

According to Circular No. 11/2000/TT-BTC dated 01 February 2000, by the Ministry of Finance, securities companies are required to use their profit after tax to make reserve fund with the proportions as follow:

	Annual allocation from the profit after tax	Maximum balance
Supplementary capital reserve	5% profit after tax	10% chartered capital
Financial reserve	5% profit after tax	10% chartered capital

Appropriations to reserves from profit after tax are accomplished in the following year, when having permission from the parental bank – Vietinbank.

24.3.2. Statutory reserves of Vietinbank Insurance Company Ltd

According to Article 29- Decree No.43 issued by the Ministry of Finance on 1 August 2004, insurance companies are required to use their profit after tax to make reserve fund with the proportions as follow:

	Annual allocation from the profit after tax	Maximum balance
Compulsory reserve	5% profit after tax	10% chartered capital

24.3.3. Statutory reserves of Vietinbank Leasing Company Ltd,

Vietinbank Leasing Company used its profit after tax to make reserve fund with the proportion as currently applied to the Bank

25. BASIC EARNING PER SHARE

Basic earning per share is calculated by dividing net profit attributable to the equity holders of the Bank to the weighted average number of ordinary shares in circulation during the period. Details of the Bank's basic earnings per share are as follows:

	2011 VNDm	2010 Restated VNDm
Net profit attributable to the equity holders of the Bank	6,243,795	3,435,661
Weighted average number of ordinary shares in circulation (million of shares)	1,658,098,187	1,259,984,056
Basic earning per share (Vietnamese dong/share)	3,766	2,727
Less: Appropriation to Bonus and Welfare fund – the fund is recording as a payable to employees and not included in owners' equity	(1,001,000)	(815,977)
Profit for Earning per share calculation	5,242,795	2,619,684
Weighted average number of ordinary shares in circulation (million of shares) after adjustment for bonus shares issuance	1,658,098,187	1,259,984,056
Basic earning per share (Vietnamese dong/share) after adjustment for Bonus and Welfare fund	3,162	2,079

Since Vietnam ACCOUNTING Standard No.30 have not mentioned a treatment for funds not included in owners' equity when calculating basic earning per share, the Bank calculated the basic earning per shares in two cases : including the fund in the calculation and not including.

Basic earning per share presented on consolidated financial statements is basic earning per share calculated in case of not including Bonus and Welfare fund.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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26. DIVIDEND

At the reporting date, the Board of Directors of Vietnam Joint Stock Commercial Bank for Industry and Trade have not issued the official decision on dividend payment for 2011.

27. INTEREST AND SIMILAR INCOME

	2011 VNDm	2010 restated VNDm
Interest income from deposits	4,181,419	1,951,502
Interest income from loans to customers	42,903,387	24,088,334
Interest income from financial leasing	268,152	168,148
Interest income from trading and investing in debt securities:	8,410,196	5,707,153
- Interest income from trading and investing in debt securities – Available for sale	34,261	27,096
- Interest income from trading and investing in debt securities – Held to maturity	8,375,935	5,680,057
Other income from credit activities	12,090	4,140
	55,775,244	31,919,277

28. INTEREST AND SIMILAR EXPENSES

	2011 VNDm	2010 Restated VNDm
Interest and similar expenses from deposits	25,735,254	15,079,573
Interest and similar expenses from borrowings	7,698,445	3,458,395
Interest expenses from valuable papers issuance	2,182,815	1,235,528
Interest expenses from financial leases	-	-
Expenses from other credit activities	110,676	56,657
	35,727,190	19,830,153

29. NET GAIN / LOSS FROM FEE AND COMMISSION INCOME

	2011 VNDm	2010 Restated VNDm
Fees and commission income from	1,923,360	1,807,456
Settlement services	733,387	517,202
Treasury activities and guarantee activities	391,028	340,726
Agent services	181,560	251,728
Other fees and commissions	617,385	697,800
Fees and commission expense from	(771,029)	(333,393)
Settlement services	(69,902)	(45,154)
Treasury activities and guarantee activities	(123,901)	(91,411)
Other fees and commissions	(577,226)	(196,828)
Net fee and commission income	1,152,331	1,474,063

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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30. NET GAIN / LOSS FROM DEALING IN FOREIGN CURRENCIES AND GOLD

	2011 VNDm	2010 VNDm
Income from dealing in foreign currencies and gold		
Income from dealing in foreign currencies at spot exchange rate	531,202	574,578
Income from dealing in gold	44,676	31,670
Income from dealing in derivative financial instruments	125,812	25,788
Expense from dealing in foreign currencies and gold		
Expense from dealing in foreign currencies at spot exchange rate	(196,862)	(137,620)
Expense from dealing in gold	-	(715)
Expense from dealing in derivative financial instruments	(122,266)	(335,257)
Net gain / loss from dealing in foreign currencies and gold	382,562	158,444

31. NET GAIN / LOSS FROM TRADING SECURITIES

	2011 VNDm	2010 VNDm
Income from trading of trading securities	37,322	39,066
Expense from trading of trading securities	(18,347)	(74,587)
Provision for impairment of trading securities	(8,045)	(3,070)
Net gain / (loss) from trading securities trading	10,930	(38,591)

32. NET GAIN / LOSS FROM INVESTMENT SECURITIES TRADING

	2011 VNDm	2010 VNDm
Income from trading of investment in available-for-sale securities	289	9,855
Expense from trading of investment in available-for-sale securities	(16)	(886)
Provision for impairment of investment in available-for-sale securities	(501,417)	(269,146)
Net gain / (loss) from investment in available-for-sale securities trading	(501,144)	(260,177)
Income from trading of investment in held-to-maturity securities	-	-
Expense from trading of investment in held-to-maturity securities	-	-
Provision for impairment of investment in held-to-maturity securities	-	-
Net gain / (loss) from investment in available-for-sale securities trading	-	-
Net gain / (loss) from trading securities	(501,144)	(260,177)

33. NET GAIN / LOSS FROM OTHER OPERATING ACTIVITIES

	2011 VNDm	2010 restated VNDm
Other operating income		
Recovery of bad debts written off (principal)	1,170,498	1,193,854
Proceeds from disposal of assets	5,847	4,551
Other gains	14,772	143,280
Other operating expense		
Expense from derivative instruments	-	-
Other operating expenses	(167,014)	(70,072)
Net gain/loss from other operating activities	1,024,103	1,271,613

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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34. NET SHARE OF PROFIT IN ASSOCIATES, JOINT VENTURES AND DIVIDEND INCOME

	2011 VNDm	2010 VNDm
Dividends received in the period:		
- from equity trading securities	18,243	10,677
- from equity investment securities	-	-
- from other long-term investments	1,661	32,068
Share of profit in associates, joint ventures, using equity method of accounting (Consolidated Financial statement)	237,441	121,475
- INDOVINA joint venture bank	223,159	121,475
- Vietinbank Aviva Insurance joint venture company	14,278	-
- South Quang Ngai Urban areas investment and development joint-stock company	4	-
	257,345	164,220

35. OTHER OPERATING EXPENSES

	2011 VNDm	2010 restated VNDm
Taxes and fees	100,788	100,553
Staff cost		
- Salaries and allowance	4,501,418	3,791,921
- Expense for uniform and labor protection	77,235	18,010
- Contributions under salaries	190,828	159,765
- Allowance	39,511	32,715
- Expense for social activities	1,368	1,613
- Other expenses	164,727	136,958
Expense for fixed assets		
- Depreciated expense	750,731	643,630
- Others	715,240	577,064
Expense for operating management and public obligation		
- Business expense	110,921	66,031
- Expense for union activities	8,958	7,823
- Others	1,352,988	957,673
Insurance for customer deposits	169,332	118,055
Other Provision expense	-	3,468
Other operating expenses	893,864	580,055
	9,077,909	7,195,334

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36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flow comprise the following amounts:

	31/12/2011 VNDm	31/12/2010 VNDm
Cash and cash equivalents	3,713,859	2,813,948
Balances with the State Bank of Vietnam	12,101,060	5,036,794
Placements with other banks	4,754,104	5,777,639
Term deposits with and loans to other banks under 90 days	53,725,376	39,532,172
	74,294,399	53,160,553

37. EMPLOYEES' REMUNERATIONS

	2011	2010
I. Total number of employees (person)	18,040	17,680
II. Employees' income (VNDm)		
1. Total salary fund	4,501,418	3,791,921
2. Bonus	-	-
3. Other Allowance	164,727	136,958
4. Total income (1+2+3)	4,666,145	3,928,879
5. Average monthly salary during period	20.79	17.87
6. Average monthly income during period	21.55	18.52

38. COLLATERALS AND MORTGAGES

38.1 Type and value of collaterals and mortgages

	Book value (VNDm)		Carrying value (VNDm)	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Real estate properties	309,839,088	280,427,059	309,839,088	280,427,059
Movable assets	133,831,206	156,065,267	133,831,206	156,065,267
Valuable papers	38,090,284	77,394,866	38,090,284	77,394,866
Other assets	18,794,587	27,875,150	18,794,587	27,875,150
	500,555,165	541,762,342	500,555,165	541,762,342

38.2 Collaterals held by the Bank, are permitted to sell or re-pledge the collateral for a third party in the absence of default by the owner of the collateral.

As at 31 December 2011, the Bank did not hold collaterals which are permitted to sell or re-pledge the collateral for a third party in the absence of default by the owner of the collateral.

39. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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39. CONTINGENT LIABILITIES AND COMMITMENTS(continued)

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

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

Deferred letters of credits represent the amounts at risk should the contract be fully drawn upon and the client defaults in repayment to the beneficiary. Deferred letters of credit that were default by clients are recognized by the Bank as compulsory loans with corresponding liabilities representing the financial obligations of the Bank to the beneficiaries and to fulfill the guarantor obligations.

The Bank requires margin deposits to support credit-related financial instruments 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.

The outstanding commitments and contingent liabilities as at 31 December are as follows:

	31/12/2011 VNDm	31/12/2010 VNDm
Financial letter of guarantees	17,712,619	14,699,630
At sight letters of credit	20,300,939	21,485,457
Deferred letters of credit	9,824,250	304,810
	47,837,808	36,489,897

40. RISK-FREE TRUST AND AGENCY ACTIVITIES

	31/12/2011 VNDm	31/12/2010 VNDm
Trusted fund from Vietnam Social Insurance	1,480,941	-
Trusted fund from others	364,954	351,217
	1,845,895	351,217

41. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other parties to which the Bank is related. Related parties are parties in which one party is able to control or has considerable influence on other parties in deciding policies in finance and operation. A party is related to the Bank if:

- a) directly, or indirectly through one or more intermediaries, the party:
 - ▶ controls, is controlled by, or is under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries);
 - ▶ has an interest in the Bank that gives it significant influence over the Bank; or
 - ▶ 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 member of the key management personnel of the Bank or its parent;
- (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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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41. RELATED PARTY TRANSACTIONS (continued)

Significant transactions with related parties during the period from 01 January 2011 to 31 December 2011 are as follows:

Related party	Relationship	Transactions	VNDm
The SBV	Direct regulator	Increase in settlement deposit, clearing and compulsory reserves	7,064,266
The SBV	Direct regulator	Decrease in borrowings from SBV	15,883,582
The MOF	Direct owner	Increase payables	(1,641,796)
The MOF	Direct owner	Payments of interest income from Special Government Bond	46,200
The MOF	Direct owner	Decrease in term deposits	1,427,657
Indovina JV Bank	JV partner	Increase in deposits of Indovina at the Bank	(3,541,400)
Indovina JV Bank	JV partner	Increase in deposits of the Bank at Indovina	2,400,000
Aviva Life Insurance Co.Ltd	JV partner	Payables increased	(839,699)

Amount due to and due from related parties as at 31 December 2011 are as follows:

Related party	Relationship	Transactions	Receivable VNDm	Payable VNDm
The SBV	Direct regulator	Settlement deposits and compulsory reserves	12,101,060	-
The SBV	Direct regulator	Borrowings from SBV	-	(26,883,618)
The MOF	Direct owner	Interest income from Special Government Bond	18,932	-
The MOF	Direct owner	Term deposits	-	(22,578)
The MOF	Direct owner	Funds received from organizations	-	(3,026,601)
Indovina JV Bank	Investee	Deposits from Indovina	-	(3,941,400)
Indovina JV Bank	Investee	Deposits at Indovina	2,800,000	-
Aviva Life Insurance Co.Ltd	Investee	Deposits and borrowings	-	(839,699)

42. GEOGRAPHICAL DENSITY OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

	Total loan balance VNDm	Total deposit VNDm	Credit commitments VNDm	Derivatives (Total transaction values per contracts) VNDm	Trading and investment in securities (Debit minus credit) VNDm
Domestic	296,934,312	63,645,604	14,397,761	17,597	68,263,670
Overseas	-	10,434,532	33,440,047	2,639	-

43. RISK MANAGEMENT POLICY RELATED TO FINANCIAL INSTRUMENTS

Vietinbank is one of the key commercial banks, plays a pillar role in Vietnamese banking system. The Bank's strategy is to become a multi-functional financial corporation. The use of financial instruments including receiving customer deposits and investing in high quality financial assets has therefore become critical operating activity that enables the Bank to achieve the required interest margin. From the risk management aspects, it requires the Bank to maintain a balanced structure of off-balance-sheet commitments (i.e. letter of guarantees and letter of credits) and loans (both in VND and foreign currencies) to institutions and individuals of different creditworthiness levels. In addition, the Bank has also invested a proportion of working capital in investment securities or loans to other credit institutions. The foreign currency risk and interest rate risk have been managed simultaneously by applying position limits in order to reduce risks concentration and participating in activities having opposite impact to minimize risks. By holding high quality financial instruments, the Bank is able to manage significant risks in its operating activities and to maintain an adequate liquidity position. The Bank also carries out hedging transactions to prevent risks related to financial instruments such as foreign currency swaps to manage interest rate risk

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2011

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43. RISK MANAGEMENT POLICY RELATED TO FINANCIAL INSTRUMENTS (continued)

For credit risk management purpose, the Bank has effectively utilized their Credit Management Manual providing regulations and requirements for lending and guidances to standardize the credit activities at the Bank. Liquidity risk is limited by maintaining a large amount of cash and cash equivalents in the form of Nostro account, term deposits at SBV and other credit institutions and valuable papers. Risk-adjusted prudential ratios are also used in liquidity risk management. The Bank revalues the interest rate gap and compares it to the benchmark of domestic and foreign markets on a regular basis in order to able to timely adapt with unforeseen movements. Moreover, internal risk management procedures have become more effective thanks to the application of the Centralized Fund Management and Settlement System, accordingly, all fund transfers and settlement transactions are centralized at Head office. These systems allowed the Bank to effectively supervise any changes in capital and reduce unnecessary procedures and possible errors.

In 2011, the Asset and Liability Management Committee (ALCO) has been proactively in maintaining the safety boundary in accordance with Circular No. 13/TT-NHNN and Circular No. 19/TT-NHNN of the SBV. At present, the Bank is swiftly implementing ALM/FPT module, establish ALCO operating regulations and internal regulations for liquidity management with each individual currency, especially for VND, USD, EUR and GBP. ALCO holds both regular meetings (monthly) and unscheduled meetings for proposing solutions on management of liquidity risk, interest risk and currency risk along with analyzing and forecasting possible scenarios of the market, keeping the activeness in actions.

44. CREDIT RISK

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

Tools that The Bank uses to manage credit risk includes:

For Credit activities: The Bank manages and controls credit risk by setting limits on the amount of risk that it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position as well as debts repayment ability of counterparties. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

For investment activities/ interbank lending: The Bank controls and manages risks by setting the interbank investment limitation for specific counterparty on the analysis and assessment of counterparty's risks basis. Interbank investment limitation is set by the Committee and performed by Investment Department.

44.1. Financial assets overdue but not impaired

Overdue but not impaired financial assets of the Bank include overdue loans but no provision is required under the current Vietnamese accounting standards and system and other relevant regulations ("VAS"). The aging of such financial assets are presented below:

	Overdue			
	Below 90 days VNDm	From 91 to 180 days VNDm	From 181 to 360 days VNDm	Above 360 days VNDm
ASSETS				
Placements with and loans to other banks	-	-	-	-
Placements with other banks	-	-	-	-
Loans to other banks	-	-	-	-
Trading securities	-	-	-	-
Derivatives and other financial borrowings	-	-	-	-
Loans to customers	6,017,024	1,071,421	220,213	912,537
Investment securities	-	-	-	-
Securities – available-for-sale	-	-	-	-
Securities – held-to-maturity	-	-	-	-
Other assets	-	-	-	-
Receivables	-	-	-	-
Interest and fee receivables	-	-	-	-
Other assets	-	-	-	-

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for the year ended 31 December 2011

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44. Financial assets overdue but not impaired (continued)

44.1. Overdue but unimpaired financial assets (continued)

The Bank is currently holding the collaterals in the forms of real estate, movable assets, valuable papers and other types of collaterals for those above financial assets. However, the Bank has not been fully determined the fair value of such assets due to lack of specific guidance as well as needed market information. The values of such collaterals are determined following Decision No 493/2005/QĐ-NHNN and Decision No 18/2007/QĐ-NHNN in order to decide whether the assets are impaired or not and provision are needed to be made or not in accordance with the VAS.

45. MARKET RISK

45.1. Interest rate risk

Interest rate risk is the ability of income or asset value of the Bank affected when market interest rate has changes.

Interest rate risk off the Bank is possibly derived from: investment activities and borrowing and lending activities.

The real interest rate re-pricing term of the assets and liabilities is the remaining period from the date of financial statements to the latest interest rate re-pricing date.

The following assumptions and conditions have been adopted in the analysis of real interest rate repricing term of the Bank's assets and liabilities:

- ▶ Cash and cash equivalents on hand, long-term investment and other assets (fixed assets, real estate investment and other assets) are classified as non-interest bearing items;
- ▶ Deposits at SBV are considered settlement deposits, thus the real interest repricing term is assumed to be one month;
- ▶ The real interest repricing term of securities investment and trading securities is based on actual maturity date at the balance sheet date of each securities;
- ▶ The real interest repricing term of deposits due from other banks and loans to other banks; loans to customers; borrowings from Government and SBV; placements with other banks and borrowings from other banks; customer deposits are identified as follows:
 - Items with fixed interest rate during the contractual term: the real interest repricing term is based on the contractual maturity date subsequent to the balance sheet date;
 - Items with floating interest rate: the real interest repricing term is based on the latest interest rate term subsequent to the balance sheet date;

The real interest repricing term of valuable papers is based on the actual maturity date for each valuable paper;

The real interest repricing term of funds received and trusted funds that credit institutions bear risks on a real maturity time of transaction basis due to the transactions have fixed interest rates;

Vietinbank's risk management policies are as follows:

Interbank lending (short-term): investment interest rate is based on the fluctuation of market and the cost of fund. The interbank lending usually have short terms (less than 3 months).

The Bank forecasts fluctuation of market interest rate and the fund balancing ability in order to make appropriate investment decisions. If a decreasing trend in interest rate is forecasted, the Bank will invest more in long term instruments to gain profitability. On the contrary, if market interest rate is projected to increase, the Bank will focus on short term investments to minimize interest rate risk.

Fund mobilization and utilization: interest rate for fund mobilization is determined under market price principles and the business orientation of management, fund balancing ability and regulations of State Bank. Fund is mobilized mainly in short term.

Lending activities: Vietinbank determines lending interest rate based on the cost of funds, management expense, risk factor consideration, collateral value, market interest rate and guaranteed competitiveness as well as efficiency of the Bank. Head Office regulates the floor lending interest rate for each period; branches subjectively determine the floor lending interest rate for each period but not less than the regulated rate and guarantee to meet the assigned profit plan. Since most of the funds mobilized by the Bank is short term (having maturity within 12 months), Vietinbank requires all loans to have floating interest and adjust on a quarterly basis

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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45. MARKET RISK (continued)

45.1. Interest rate risk (continued)

Interest rate risk management:

Vietinbank manages interest rate risk at 2 levels: transaction level and portfolio level.

Methods used for Interest rate management include:

- ▶ Re-pricing terms of all loans are required to be adjusted based on there-pricing terms of funds mobilized. The interest rate re-pricing gaps are controlled within established limits;
- ▶ All credit contracts are required to contain risk prevention terms to ensure that the Bank are active against the fluctuations of the market, lending interest rate must determine on the basis of response accurately the actual cost of fund of the Bank.
- ▶ Management through the price of internal capital purchase instrument FTP: From 02 April 2011, the Bank implemented the internal transfer pricing system FTP which appropriately matches the term under international rules for capital purchase details at transaction level. Depending on the operating orientation of the Bank and the market fluctuation, Head Office can change the purchase price of capital for each type of customer or product etc. to give signals for the business units to determine lending rates/ fund mobilization for each transaction.

With experience and quick adaptability of the Bank's management, the Bank has managed its mobilization as well as lending interest rate in a prudent and flexible manner to ensure the business efficiency and increase the market shares. It could be depicted from the Interest rate report of the first six months of 2010 that most of the assets and liability exposed to interest rate risk have term under 6 months, in which mobilized fund having term under 1 month and lending having term from 1 to 3 months..

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45. MARKET RISK (continued) 45.1. Interest rate risk (continued)

Đơn vị: triệu đồng

	Overdue	Non-interest bearing	Repriced within 1 month	From 1 – 3 months	From 3 – 6 months	From 6 – 12 months	From 1 – 5 years	Over 5 years	Total
ASSETS									
Cash, gold and gemstones	-	3,713,859	-	-	-	-	-	-	3,713,859
Balances with the SBV	-	-	12,101,060	-	-	-	-	-	12,101,060
Placements with and loans to other credit institutions (*)	-	-	48,036,822	15,133,700	1,884,154	424,400	-	-	65,479,076
Trading securities (*)	-	-	-	-	557,358	-	-	-	557,358
Derivatives and other financial assets	-	-	-	20,236	-	-	-	-	20,236
Placements with and loans to other credit institutions (*)	8,221,195	-	161,250,753	79,452,449	23,830,005	9,580,034	5,624,555	5,475,321	293,434,312
Investments in securities	-	-	1,479,750	2,862,113	11,374,782	48,974,691	-	3,029,630	67,720,966
Long term investments (*)	-	2,924,485	-	-	-	-	-	-	2,924,485
Fixed assets and investment real estates	-	3,746,217	-	-	-	-	-	-	3,746,217
Other assets (*)	-	14,265,312	-	-	-	-	-	-	14,265,312
TOTAL ASSETS	8,221,195	24,649,873	222,868,385	97,468,498	37,646,299	58,979,125	5,624,555	8,504,951	463,962,881
LIABILITIES									
Borrowings from the MOF and SBV	-	12,518	410,111	2,826,607	24,044,497	-	-	-	27,293,733
Deposits and borrowings from other banks	-	-	30,723,404	24,897,152	18,787,357	-	-	-	74,407,913
Customers deposits and other amounts due to customers	-	-	165,503,748	61,914,714	24,116,307	5,296,106	442,833	-	257,273,708
Derivatives and other financial borrowings	-	-	-	-	-	-	-	-	-
Debts issued and other borrowed funds	-	-	6,517,179	15,549,585	10,547,132	1,198,925	3,011,687	-	36,824,508
Valuable papers issued	-	-	551,434	2,708,235	7,777,597	51,851	-	-	11,089,117
Other liabilities (*)	-	24,579,743	-	-	-	-	-	-	24,579,743
TOTAL LIABILITIES	-	24,592,261	203,705,876	107,896,293	85,272,890	6,546,882	3,454,520	-	431,468,722
Balance sheet interest rate risk	8,221,195	57,612	19,162,509	(10,427,795)	(47,626,591)	52,432,243	2,170,035	8,504,951	32,494,159
Off balance sheet interest rate risk	-	47,837,808	-	-	-	-	-	-	47,837,808
Net interest rate risk	8,221,195	47,895,420	19,162,509	(10,427,795)	(47,626,591)	52,432,243	2,170,035	8,504,951	80,331,967

(*): These items do not include provision

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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45. MARKET RISK (continued)

45.1. Interest rate risk(continued)

Interest rate Sensitivity

The Bank and its subsidiaries have not yet done the Interest Sensitivity Analysis for the fiscal year ended at 31 December 2011 due to lack of database system and input information.

45.2. Currency risks

Currency risk is the risk that values of financial instruments fluctuates due to changes in foreign exchange rate.

The Bank was incorporated and operates in Vietnam, its reporting currency is Vietnam dong (VND), Nonetheless, some of the Bank's other assets are in currencies other than VND (USD, EUR,...), thus, currency risks may possibly arise.

Currency risks of the Bank include:

- Currency risks in foreign currency trading
- Currency risks in fund mobilization and lending
- Currency risks in investment

The economic situation and macroeconomic policies during 2011 had significant effects on the Bank's operation:

During 2011, to stabilize the exchange rate, State Bank of Vietnam required stated-owned corporations to sell foreign currency USD for State Bank and regulated the ceiling interest rate of USD deposits applied for business at 0.50% per annum, the ceiling interest rate is raised from individual at 2.00% annum. With many positive solutions of State Bank, foreign exchange market was stabilized with more stable exchange rate. This reduced the stress USD demand for operation of import and exports business USD business for import and export business and also facilitate a positive conditions for businesses to raise funds in USD (due to lower interest rates).

To prevent the risk of exchange rate fluctuations, the Bank has applied the same set of instruments:

Based on actual data, the demand growth of affiliates and business orientation, Alco Planning and Supporting Department analyses and projects cash-in and cash-out flow and proposes fund planning plan for each type of currency (mainly VND, USD and EUR equivalent) to the Bank's Board of Management) based on actual cash flows and growth target registered by business units. The plan determines limits, fund growth rate and fund utilization for the whole bank as well as each branch. It is managed based on daily outstanding balance in accordance with guidance to ensure the safety and effectiveness of the whole system.

For investment activities: a number of currency risks incurred in the Bank's investment in Indovina Bank (contributes 50% of chartered capital of the Indovina Bank, equivalent to USDm 82.5) and the investment in the establishment of new branch in Germany (EURm 10). Currency risk for these investments is closely monitored by the Bank through analysis and forecasting of changes in exchange rates of these currencies to VND. The Bank is currently considering plans to use derivatives to hedge currency risk for the two investments.

For foreign currency activities: Regulations on money position for each type of currency are made by FX Department and approved by Deputy general Director suitable with the Bank's allowed risk level. The currency position limit is controlled and excuted by FX Department. The currency position is managed on a daily basis and hedging strategies are used to ensure that the status of currency is maintained within established limits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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	EUR equivalent VNDm	USD equivalent VNDm	VND	Other currency VNDm	Total VNDm
Assets					
Cash, gold and gemstones	146,740	569,131	2,969,148	28,840	3,713,859
Balances with the SBV	-	2,384,379	9,716,681	-	12,101,060
Placements with and loans to financial institutions (*)	320,852	16,735,809	48,274,724	147,691	65,479,076
Trading securities (*)	-	-	557,358	-	557,358
Derivatives and other financial assets (*)	-	20,236	-	-	20,236
Loans to customers (*)	2,255,369	51,882,028	239,296,915	-	293,434,312
Investment securities (*)	-	-	67,720,966	-	67,720,966
Long term investments	-	1,392,058	1,532,427	-	2,924,485
Fixed assets and investment real estates	-	-	3,746,217	-	3,746,217
Other assets (*)	304,962	364,920	13,592,141	3,289	14,265,312
Total assets	3,027,923	73,348,561	387,406,577	179,820	463,962,881
Liabilities and owners' equity					
Borrowings from the MOF and SBV	-	4	27,293,729	-	27,293,733
Deposits and borrowings from other banks	610,509	30,714,824	43,082,580	-	74,407,913
Customers deposits and other amounts due to customers	1,569,328	31,727,133	223,910,274	66,973	257,273,708
Derivatives and other financial borrowings	-	-	-	-	-
Debts issued and other borrowed funds	271,566	5,635,124	30,917,818	-	36,824,508
Issuing valuable papers	-	1,564,106	9,525,011	-	11,089,117
Other liabilities (*)	113,889	2,532,187	21,933,667	-	24,579,743
Capital and reserves	-	-	28,490,896	-	28,490,896
Total liabilities and owners' equity	2,565,292	72,173,378	385,153,975	66,973	459,959,618
Balance sheet currency position	462,631	1,175,183	2,252,602	112,847	4,003,263
Off-balance sheet currency position	2,585,521	31,928,835	13,071,133	252,319	47,837,808
Total currency position	3,048,152	33,104,018	15,323,735	365,166	51,841,071

Unit: VNDm

Details of currency structure of assets and liabilities as at 30 December 2011 are as follows:

45. MARKET RISK (continued)

45.2. Currency risks(continued)

(*): this item does not include provision

Exchange rate Sensitivity

The Bank and its subsidiaries have not yet done the Exchange rate Sensitivity Analysis for the fiscal year ended at 31 December 2011 due to lack of database system and input information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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45. MARKET RISK (continued)

45.3. Liquidity risks

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, management needs to diversify its funding sources in addition to its core deposit base, and adopt a flexible policy in managing liquid assets and monitoring future cash flows and liquidity on a daily basis. The Bank also needs to access cash flows and the availability of collaterals in case the Bank needs to mobilize more capital.

On a monthly basis, at ALCO Committee meeting, the situation of the balance of fund and liquidity of the Bank is one of the key contents to be discussed. Based on analysis, evaluation, ALCO Committee make recommendations to the Board of management, the Executive Board for directions in the future to maintain the balance liquidity ability of the Bank.

In addition, the Bank also maintains a list of secondary liquid assets such as government bonds, which may be sold under repurchased contracts with the States Bank in serious liquidity circumstances if any.

The maturity of assets and liabilities in the below maturity analysis represents the time to contractual maturity date from the balance sheet date.

- ▶ Balance with the State Bank of Vietnam is considered as current, this includes the compulsory reserves, which is dependent upon the composition and maturity of the Bank's customer deposits.
- ▶ The maturity of investment securities is based on redemption dates established by the issuer of these financial instruments.
- ▶ The maturities of amounts due from other banks and loans and advances to customers are based on the contractual maturity date. The actual maturity sometimes varies from contractual term when the contract is extended. In addition, loans and advances to customers are shown as net of provisions for impairment loss.
- ▶ The maturity of equity investments is considered to be over five year as equity investments have no stated maturity.
- ▶ Vostro accounts and current accounts paid upon customers' demand are considered to be current. The maturity of term borrowings and deposits is based on their contractual maturity date. In practice, such items may be rolled over and maintained for longer periods, or term deposits may be withdrawn before the maturity date prescribed in the contracts.
- ▶ The maturity of fixed assets is determined based on remaining useful life.

Based on the approved annual business plan of the management, Alco Planning and Supporting Department made analysis and forecasting of cash flow into/out of the system according to the approved plans, and also based on the fluctuations of fund mobilization and utilization actually every day, then making decisions on the management and operation of liquidity accordingly.

Based on the projection of available capital movement, Investment Department creates the Bank's liquidity buffer through purchasing highly liquid valuable papers, which could be converted into cash through secondary market. Investment Department might decide to CItHer sell back valuable papers to SBV in open market, or to borrow to replenish working capital's deficiency to ensure liquidity position of the whole bank

Based on the regulations of the SBV, the Alco Planning and Supporting Department, in cooperation with the Investment Department, proposes available fund management plan in order to make sure the actual average balance of deposits in VND and foreign currencies at the SBV not less than the required level of compulsory reserve to be maintained. Besides, Investment Department also establishes credit limit with other banks for mutual assistance when needed.

The process of liquidity management of the Bank is performed in the INCAS system, the interbank payment program CITAD. On the basis of centralized payment at Head Office, the Bank actively performs liquidity risk management daily. Currently, the Bank is urgently implementing and developing the software upgrade and improving the process of risk management according to international standards.

The data in the liquidity risk report as at 31 December 2011 shows that the Bank's fund abundant mainly in types of term ranging from 1 to 12 months. The fund with term of one year and above is lacking, however the situation has been improved compared to the beginning of the year, this is the general situation of commercial banks in Vietnam. The Bank is to ensure the correct utilization rate of short-term funds for long-term loans in accordance to the regulations of State Bank.

Liquidity risk management activities of the Bank is monitored closely in compliance with the regulations of the State Bank and the criteria for internal liquidity management of the Bank for each major currencies (such as VND, USD, EUR) on the portfolio of deposits and loans

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45. MARKET RISK (continued)
45.3. Liquidity risks (continued)

	Overdue		Current			Total VNDm
	Overdue over 3 months VNDm	Overdue within 3 months VNDm	Due from 1 to 3 months VNDm	Due from 3 months to a year VNDm	Due from 1 to 5 years VNDm	
Assets						
Cash, golds and gemstones	-	3,713,859	-	-	-	3,713,859
Balances with the SBV	-	12,101,060	-	-	-	12,101,060
Placements with and loans to other banks (*)	-	48,036,822	15,133,700	1,884,154	424,400	65,479,076
Trading securities (*)	-	-	-	557,358	-	557,358
Derivatives and other financial assets	-	-	20,236	-	-	20,236
Loans and advances to customers (*)	2,204,171	24,728,218	59,202,655	106,847,317	54,402,494	293,434,312
Investment securities (*)	-	1,479,750	3,543,743	14,941,485	43,972,693	67,720,966
Long-term investments (*)	-	-	-	-	2,924,485	2,924,485
Fixed assets and investment real estates	-	-	-	-	3,746,217	3,746,217
Other assets (*)	-	1,422,457	3,556,143	7,153,026	2,133,686	14,265,312
Total assets	2,204,171	6,017,024	91,482,166	131,383,340	100,933,273	463,962,881
Liabilities						
Borrowings from the MOF and SBV	-	410,111	2,826,607	24,000,000	12,518	27,293,733
Deposits and borrowings from other banks	-	30,723,404	24,897,152	18,787,357	-	74,407,913
Customer deposits and other amounts due to customers	-	76,437,919	81,482,581	61,453,376	31,155,275	257,273,708
Derivatives and other financial borrowings	-	-	-	-	-	-
Debts issued and other borrowed funds	-	6,517,179	15,549,586	10,547,131	1,198,925	36,824,508
Issuing valuable papers	-	2,067,290	2,286,117	4,744,510	1,991,200	11,089,117
Other liabilities (*)	-	4,839,560	5,483,709	10,966,248	3,290,226	24,579,743
Total liabilities	-	120,995,463	132,525,752	130,498,622	37,648,144	431,468,722
NET MATURITY RISK STATUS	2,204,171	6,017,024	(29,513,297)	884,718	63,285,129	32,494,159

(*): This item does not include provision

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46. CAPITAL AND OPERATING LEASE COMMITMENTS

	30 Dec 2011 VNDm	30 Dec 2010 VNDm
Capital commitments: premises construction, and equipment acquisition	999,809	1,921,168
Capital commitments: equity investments	-	-
Irrevocable operating lease commitments	1,032,519	623,807
<i>Of which:</i>		
- due within one year	154,292	97,172
- due from two to five years	414,007	279,028
- due after five years	464,220	247,607

47. CONTINGENT LIABILITIES

Currently investigation agencies are prosecuting two former employees of Ho Chi Minh City branch and Nha Be branch of the Bank for alleged misappropriation of assets by means of fraudulence. According to the code of criminal procedures, for cases under prosecution and investigation, the legal responsibilities of related parties will be determined only when the trial has been completed with an effective judgment. However, based on results of internal reconciliation, review and investigation procedures that have been taken up to the date of this report, the Bank's management believes that the Bank neither is jointly liable for nor incur any financial loss with regards to the illegal actions of these individuals

48. ADDITIONAL INFORMATION OF FINANCIAL ASSETS AND LIABILITIES UNDER CIRCULAR NO 210/2009/TT-BTC

On 6 November 2011, the Ministry of Finance issued Circular No 210/2009/TT- BTC which guides the application of international accounting standards on presentation of financial statements and disclosures of financial instruments and became effective for fiscal years started from 1 January 2011 onwards ("Circular 210"). Circular 210 gives definition of financial instruments (including financial assets and financial liabilities), derivative financial instrument and equity instruments and rules of classification, presentation and disclosures of such instruments.

Circular 210 only regulates the presentation of financial statements and disclosures of financial instruments, these below definitions of Circular 210 are applied when preparing Note number 47 on the consolidated report. Asset and liability items of the Bank are still recognized and recorded following the current VAS and Vietnam Accounting system applicable to credit institutions and relevant regulations of the State Bank of Vietnam.

Financial assets

Under Circular No 210/2009/TT-BTC, financial assets of the Banks and its subsidiaries includes cash, gold, gemstones, placements with SBV and other banks, loans to customers and other banks, trading securities, investment securities, receivables and assets of derivative contracts.

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48. ADDITIONAL INFORMATION OF FINANCIAL ASSETS AND LIABILITIES UNDER CIRCULAR NO 210/2009/TT-BTC (continued)

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

▪ **Financial asset recognized at fair value through profit or loss:**

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

- a) It is classified as held for trading. A financial asset or financial liability will be classified as securities held for trading if:
 - ✓ it is purchased or created mainly for the purpose of resale/redemption in a short term;
 - ✓ there is an evidence that such instrument is traded for the purpose of gaining short-term profits; or,
 - ✓ it is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).
- b) Upon initial recognition, it is designated by the entity 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 an entity has the positive intention and ability to hold to maturity other than:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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48. ADDITIONAL INFORMATION OF FINANCIAL ASSETS AND LIABILITIES UNDER CIRCULAR NO 210/2009/TT-BTC (continued)

▪ **Loans and receivables:**

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

- a) those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
- b) those that the entity upon initial recognition designates as available for sale; or
- c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

▪ **Available-for-sale assets:**

Available for sale financial assets are those 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 at fair value through profit or loss.

Financial Liabilities

According to Circular No 210/2009/TT-BTC, financial liabilities of the Banks and its subsidiaries includes borrowings from the Government and SBV, deposits and borrowings from other banks, customer deposits, debts issue and other borrowed funds risk-bearing by the Bank and its subsidiaries, valuable papers, payables and payables under currency derivative contracts.

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

▪ **Financial liabilities recognized at fair value through profit or loss**

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

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

Financial liabilities are determined at amortized cost. Financial liabilities that are not recognized at fair value through profit or loss statements, are determined at amortized cost.

▪ **Financial liabilities at amortized cost**

Financial liability that are not classified as at fair value through profit or loss are classified as at amortized cost.

Offsetting of financial assets and financial liabilities in balance sheets

Financial asset and a financial liability shall be offset for each other in the balance sheet when, and only when, an entity has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Determine fair value of financial instruments

The Bank uses the methods and assumptions to determine the fair value as such: Fair value of cash and short-term deposits will be equivalent to the book value of those items due to their short terms.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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48. ADDITIONAL INFORMATION OF FINANCIAL ASSETS AND LIABILITIES UNDER CIRCULAR NO 210/2009/TT-BTC (continued)

48.1 Book value and Fair value of Financial assets and Liabilities

Book value and Fair value of Financial assets and liabilities of the Bank and its subsidiaries as at 31 December 2011 are presented in this below table:

	Trading	Held-to-maturity	Loans and receivables	Available-for-sale	Other assets and liabilities recorded at amortized value	Total amount of Book value	Fair value
Cash, gold and gemstones	-	-	-	-	3,713,859	3,713,859	3,713,859
Balances with the SBV	-	-	12,101,060	-	-	12,101,060	12,101,060
Placements with and loans to other banks	-	-	65,479,076	-	-	65,479,076	(*)
Trading securities	557,358	-	-	-	-	557,358	(*)
Derivative financial instruments	20,236	-	-	-	-	20,236	(*)
Loans and advances to customers	-	-	293,434,312	-	-	293,434,312	(*)
Securities – available-for-sale	-	-	-	65,320,966	-	65,320,966	(*)
Securities – held-to-maturity	-	2,400,000	-	-	-	2,400,000	(*)
Other financial assets	-	-	12,221,049	-	2,044,263	14,265,312	(*)
	577,594	2,400,000	383,235,497	65,320,966	5,758,122	457,292,179	

(*): The bank has not yet determined the fair value of such items due to lack of information and specific guidance from Vietnamese Accounting Standards ("VAS") and Vietnam accounting system

48. ADDITIONAL INFORMATION OF FINANCIAL ASSETS AND LIABILITIES UNDER CIRCULAR NO 210/2009/TT-BTC (continued)

48.1 **Book value and Fair Value of Financial Assets and Liabilities (continued)**

Book value and Fair value of Financial Assets and Liabilities of the Bank and its subsidiaries as at 31 December 2011 are presented in this below table:

	Trading	Held-to-maturity	Loans and receivables	Book value Available-for-sale	Other assets and liabilities recorded at amortized value	Total amount of Book value	Fair value
Borrowings from the Government and SBV	-	-	-	-	27,293,733	27,293,733	(*)
Deposits and borrowings from other banks	-	-	-	-	74,407,913	74,407,913	(*)
Customers deposits	-	-	-	-	257,273,708	257,273,708	(*)
Derivative financial instruments	-	-	-	-	-	-	-
Debts issue and other borrowed funds	-	-	-	-	36,824,508	36,824,508	(*)
Valuable Papers issuance	-	-	-	-	11,089,117	11,089,117	(*)
Other financial assets	-	-	-	-	24,579,743	24,579,743	(*)
	-	-	-	-	431,468,722	431,468,722	

(*): The bank has not yet determined the fair value of such items due to lack of information and specific guidance from Vietnamese Accounting Standards ("VAS") and Vietnam accounting system

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48. ADDITIONAL INFORMATION OF FINANCIAL ASSETS AND LIABILITIES UNDER CIRCULAR NO 210/2009/TT-BTC (continued)

48.2 *Financial asset reclassification*

Reclassifications of financial assets during the year:

- ▶ VNDm 72,000 of trading securities were reclassified into available-for-sale securities due to changes in holding purposes. This did not affect income and equity of the Bank and its subsidiaries.
- ▶ VNDm 3,630,000 of held-to-maturity securities were reclassified into available-for-sale securities due to changes in holding purposes. This did not affect income and equity of the Bank and its subsidiaries;
- ▶ VNDm 16,888 of other long-term investments were reclassified into available-for-sale securities due to the fact that the Bank were no longer strategic shareholders. This did not affect income and equity of the Bank and its subsidiaries.

48.3 *Financial assets as collaterals, transfers but unqualified for Derecognition*

Details of Financial Assets of the Bank that were used as collaterals for loans or transferred under sale and repurchase contracts with SBV and other banks as follows:

	31 December 2011	
	Book value VNDm	Related obligations VNDm
Government Bonds	2,965,081	2,826,607
Loans	23,692,376	24,000,000
	26,657,457	26,826,607

As at 31 December 2011, the Bank had VNDm 2,826,607 borrowings from SBV in form of valuable paper discounting and VNDm 24,000,000 borrowings from re-financing borrowings from SBV using loans as collaterals.

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49. EVENTS AFTER THE BALANCE SHEET DATE

Other than the above, there are no significant events occurring since the balance sheet date which require adjustments or disclosures in consolidated financial statements.

50. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAMESE DONG AS AT 31 DECEMBER 2011

	31 Dec 2011 VND	31 Dec 2010 VND
USD	20,828	18,932
EUR	27,374	27,466
GBP	32,813	31,808
CHF	22,536	22,070
JPY	275,20	253,10
SGD	16,304	16,003
CAD	20,693	20,628
AUD	21,578	20,935
NZD	16,414	15,898
THB	670.37	665.05
SEK	3,068	3,052
NOK	3,533	3,512
DKK	3,676	3,678
HKD	2,721	2,650
CNY	3,358	3,140
KRW	16.74	16.78

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Deputy General Director

Hanoi, Vietnam
22 February 2012

