

**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE
FINANCIAL STATEMENTS**

For the year ended 31 December 2013

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



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10/01/2010

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Vietnam Joint Stock Commercial Bank for Industry and Trade (the “Bank”) presents this report together with the Bank’s separate financial statements for the year ended 31 December 2013.

BOARDS OF DIRECTORS AND MANAGEMENT

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

Board of Directors

Mr. Pham Huy Hung	Chairman
Mr. Nguyen Van Thang	Member
Ms. Pham Thi Hoang Tam	Member (retired on 13 July 2013)
Ms. Nguyen Hong Van	Member
Ms. Do Thi Thuy	Member
Mr. Michael Knight Ipson	Member
Mr. Cat Quang Duong	Member
Ms. Nguyen Thi Bac	Member
Mr. Pham Huy Thong	Member (appointed on 13 April 2013)
Mr. Hiroyuki Nagata	Member (appointed on 13 July 2013)
Mr. Go Watanabe	Member (appointed on 13 July 2013)

Board of Management

Mr. Nguyen Van Thang	General Director
Mr. Nguyen Van Du	Deputy General Director
Mr. Pham Anh Tuan	Deputy General Director
Ms. Bui Nhu Y	Deputy General Director
Mr. Le Duc Tho	Deputy General Director (changed mission on 26 August 2013)
Mr. Nguyen Hoang Dung	Deputy General Director
Mr. Pham Huy Thong	Deputy General Director
Mr. Nguyen Duc Thanh	Deputy General Director
Mr. Tran Kien Cuong	Deputy General Director (changed mission on 01 March 2013)
Mr. Hiroyuki Nagata	Deputy General Director (appointed on 14 October 2013)
Mr. Le Thanh Tung	Deputy General Director (appointed on 14 October 2013)
Mr. Nguyen Hai Hung	Chief Accountant

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the separate financial statements;
- prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the separate financial statements so as to minimise errors and frauds.

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

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

For and on behalf of the Board of Management,



Nguyễn Văn Thang
General Director

Hanoi, 20 March 2014

No.: 868 /VNIA-HN-BC

INDEPENDENT AUDITORS' REPORT

To: **The shareholders**
 The Boards of Directors and Management
 Vietnam Joint Stock Commercial Bank for Industry and Trade

We have audited the accompanying separate financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade (the "Bank"), prepared on 20 March 2014 as set out from page 5 to page 67, which comprise the balance sheet as at 31 December 2013, the statement of income, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "separate financial statements").

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

In our opinion, the accompanying separate financial statements give a true and fair view of, in all material respects, the financial position of the Bank as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions and legal regulations relating to financial reporting.

10/11/14

INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of matter

Without qualifying our opinion, we would like to draw attention to Note 50 "Contingent liabilities" of the Notes to the separate financial statements. The People's Court of Ho Chi Minh city prosecuted and sentenced the Bank's former employees of Ho Chi Minh City branch and Nha Be branch of the Bank (including Huynh Thi Huyen Nhu) for alleged misappropriation of assets by means of fraudulence and other charges in the first instance criminal court. In terms of civil responsibilities, Huynh Thi Huyen Nhu was ordered to pay compensation to the defrauded organisations and individuals victims and the Bank neither has compensation obligation, jointly liable nor incurs any financial loss with regards to the illegal actions of these individuals mentioned above. Currently, the judgment is being appealed against in the first instance by some of litigating participants. According to the code of criminal legislation and criminal procedure code, the appeal court shall be conducted if the judgment of the first instance court is appealed. Therefore, in this case, the legal responsibilities and obligations of related parties will be determined only when the appeal court has been completed with an effective judgement. However, based on the result of reconciliation, review and examination procedures conducted up to the date of these separate financial statements, the Bank's management believes that the Bank neither is jointly liable for nor incurs any financial loss with regards to the illegal actions of the above-mentioned individuals.



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

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

20 March 2014
Hanoi, S.R. Vietnam

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



**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

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

Separate financial statements
For the year ended 31 December 2013

BALANCE SHEET

As at 31 December 2013

FORM B 02/TCTD

Unit: Million VND

NO. ITEMS	Notes	31/12/2013	31/12/2012
A. ASSETS			
I. Cash, gold and gemstones	5	2,829,149	2,504,522
II. Balances with the State Bank of Vietnam ("SBV")	6	10,158,657	12,232,874
III. Placements with and loans to other credit institutions	7	73,245,533	57,776,378
1. Placements with other credit institutions		59,218,804	21,400,102
2. Loans to other credit institutions		14,132,724	36,559,223
3. Provisions for credit losses of loans to other credit institutions		(105,995)	(182,947)
IV. Trading securities	11	633,425	-
1. Trading securities		633,425	-
V. Derivative financial instruments and other financial assets	8	164,334	74,451
VI. Loans to customers		371,585,842	328,294,608
1. Loans to customers	9	374,856,699	331,935,534
2. Provisions for credit losses of loans to customers	10	(3,270,857)	(3,640,926)
VII. Investment securities		81,862,925	72,419,108
1. Available-for-sale investment securities	12	79,474,602	70,132,315
2. Held-to-maturity investment securities	12	2,586,748	2,400,000
3. Provisions for impairment of investment securities	13	(198,425)	(113,207)
VIII. Long-term investments	14	5,723,720	5,345,575
1. Investments in subsidiaries		3,317,232	3,227,232
2. Investments in joint-ventures		2,088,788	1,792,058
3. Other long-term investments		321,108	327,109
4. Provisions for impairment of long-term investments		(3,408)	(824)
IX. Fixed assets		7,055,526	5,252,374
1. Tangible fixed assets	15	3,443,219	2,951,373
<i>a. Cost</i>		7,269,166	6,618,985
<i>b. Accumulated depreciation</i>		(3,825,947)	(3,667,612)
2. Finance lease assets		-	-
<i>a. Cost</i>		-	49
<i>b. Accumulated depreciation</i>		-	(49)
3. Intangible assets	16	3,612,307	2,301,001
<i>a. Cost</i>		4,062,917	2,629,558
<i>b. Accumulated amortisation</i>		(450,610)	(328,557)
X. Other assets		23,006,771	19,292,803
1. Other receivables	17	10,423,764	9,343,716
2. Interest and fee receivables		9,933,252	7,826,510
3. Other assets	18	2,649,755	2,122,577
TOTAL ASSETS		576,265,882	503,192,693

The notes set out from pages 10 to 67 are an integral part of these separate financial statements

BALANCE SHEET (Continued)

As at 31 December 2013

FORM B 02/TCTD
Unit: Million VND

NO. ITEMS	Notes	31/12/2013	31/12/2012
B. LIABILITIES AND OWNERS' EQUITY			
I. Borrowings from the Government and the SBV	19	147,371	2,785,374
II. Deposits and borrowings from other credit institutions	20	80,465,180	96,625,124
1. Deposits from other credit institutions		31,866,254	19,983,733
2. Borrowings from other credit institutions		48,598,926	76,641,391
III. Deposits from customers	21	364,575,676	289,597,481
IV. Grants, trusted funds and borrowings at risk of the credit institution	22	33,760,361	34,273,726
V. Valuable papers issued	23	16,564,766	28,669,229
VI. Other liabilities	24	27,458,332	18,471,977
1. Accrued fee and interest expenses		4,288,543	3,597,721
2. Other payables and liabilities		22,763,801	14,464,423
3. Other provisions	10	405,988	409,833
TOTAL LIABILITIES		522,971,686	470,422,911
VII. Capital and reserves	26	53,294,196	32,769,782
1. Charter capital		46,203,873	26,218,304
a. Charter capital		37,234,046	26,217,545
b. Share premium		8,969,827	759
2. Reserves		3,252,566	2,371,898
3. Retained earnings		3,837,757	4,179,580
TOTAL LIABILITIES AND OWNERS' EQUITY		576,265,882	503,192,693

OFF - BALANCE SHEET ITEMS

NO. ITEMS	Notes	31/12/2013	31/12/2012
I. Contingent liabilities	40	46,730,513	43,848,065
1. Loan guarantees		1,421,190	195,797
2. L/C guarantees		27,626,059	27,284,378
3. Other guarantees		17,683,264	16,367,890
II. Commitments	40	17,545,621	11,932,157
1. Other commitments		17,545,621	11,932,157

Preparer



Ha Quang Vu
Head of Financial Accounting
Management Department

20 March 2014

Approver



Nguyen Hai Hung
Chief Accountant

Approver



Nguyen Van Du
Deputy General Director

The notes set out from pages 10 to 67 are an integral part of these separate financial statements

INCOME STATEMENT

For the year ended 31 December 2013

FORM B 03/TCTD
Unit: Million VND

NO. ITEMS	Notes	2013	2012
1. Interest and similar income	27	43,943,514	50,333,462
2. Interest and similar expenses	28	(26,085,874)	(32,353,877)
I. Net interest income		17,857,640	17,979,585
3. Income from services		1,882,371	1,688,097
4. Expenses on services		(550,724)	(544,360)
II. Net profit from services	29	1,331,647	1,143,737
III. Net gain from trading foreign currencies	30	270,516	351,028
IV. Net gain from trading securities		5,732	-
V. Net gain from investment securities	31	32,143	517,484
5. Other operating income		1,881,552	1,316,046
6. Other operating expenses		(354,827)	(81,217)
VI. Net profit from other activities	32	1,526,725	1,234,829
VII. Income from capital contribution, equity investments	33	484,608	521,187
VIII. Operating expenses	34	(9,697,550)	(9,263,131)
IX. Net profit from operating activities before credit provision expenses		11,811,461	12,484,719
X. Provision expenses for credit losses	35	(4,080,554)	(4,318,694)
XI. Profit before tax		7,730,907	8,166,025
7. Current corporate income tax expenses	36	(1,859,948)	(1,906,226)
XII. Corporate income tax expenses	36	(1,859,948)	(1,906,226)
XIII. Profit after corporate income tax		5,870,959	6,259,799

Preparer



Ha Quang Vu
Head of Financial Accounting
Management Department

20 March 2014

Approver



Nguyen Hai Hung
Chief Accountant

Approver



Nguyen Van Du
Deputy General Director

The notes set out from pages 10 to 67 are an integral part of these separate financial statements

CASH FLOW STATEMENT

For the year ended 31 December 2013

FORM B 04/TCTD
Unit: Million VND

NO. ITEMS	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
01. Interest and similar income	41,827,156	48,979,448
02. Interest and similar expenses	(25,396,080)	(33,597,570)
03. Income from services	1,330,930	1,143,737
04. Net cash from trading foreign currencies, gold and trading securities	477,901	714,634
05. Other expenses	(56,104)	(19,707)
06. Receipts from debts written-off or paid off by risk fund	1,239,774	1,254,536
07. Payments to employees and for operating management	(8,722,713)	(7,874,793)
08. Corporate income tax paid	(2,195,761)	(2,059,161)
Net cash from operating profit before movements in assets and working capital	8,505,103	8,541,124
<i>Movement in operating assets</i>	<i>(57,266,865)</i>	<i>(54,467,699)</i>
09. Decrease/(Increase) in deposits at and loans to other credit institutions	2,333,845	(9,288,861)
10. (Increase) in trading securities	(10,824,119)	(1,645,756)
11. (Increase) in derivatives and other financial assets	(89,883)	(54,215)
12. (Increase) in loans to customers	(42,921,165)	(40,020,073)
13. (Increase) in provisions for losses	(4,531,420)	(3,552,442)
14. (Increase)/Decrease in other operating assets	(1,234,123)	93,648
<i>Movement in operating liabilities</i>	<i>50,910,266</i>	<i>37,496,990</i>
15. (Decrease) in borrowings from the Government and the State Bank of Vietnam	(2,638,003)	(24,508,359)
16. (Decrease)/Increase in deposits and borrowings from other credit institutions	(16,159,944)	22,206,211
17. Increase in deposits from customers (including State Treasury)	74,978,195	27,804,114
18. (Decrease)/Increase in issued valuable papers (excluding issued valuable papers charged into financial activities)	(12,104,463)	17,580,112
19. (Decrease) in grants, trusted funds and borrowings at risk of the credit institution	(513,365)	(4,269,753)
20. Increase/(Decrease) in other operating liabilities	7,347,976	(1,315,139)
21. Cash outflows from reserves of the credit institution	(130)	(196)
I. Net cash from/(used in) operating activities	2,148,504	(8,429,585)
CASH FLOWS FROM INVESTING ACTIVITIES		
01. Acquisition of fixed assets	(3,162,510)	(6,104,933)
02. Proceeds from sales, disposal of fixed assets	5,999	6,480
03. Expenses on sales, disposal of fixed assets	(6,523)	(1,794)
04. Investments in other entities	(386,869)	(542,529)
05. Proceeds from investments in other entities	5,000	13,860
06. Dividends and profit received from long-term investments and capital contribution	534,807	229,595
II. Net cash (used in) investing activities	(3,010,096)	(6,399,321)

The notes set out from pages 10 to 67 are an integral part of these separate financial statements

CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2013

FORM B 04/TCTD
Unit: Million VND

NO. ITEMS	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES		
01. Increase in share capital from issuing stocks	19,985,569	-
02. Dividends paid	(4,194,807)	(79)
III. Net cash from/(used in) financing activities	15,790,762	(79)
IV. Net increase/(decrease) in cash	14,929,170	(14,828,985)
V. Cash and cash equivalents at the beginning of the year	59,182,485	74,011,470
VI. Effects of changes in foreign exchange	(2,259)	-
VII. Cash and cash equivalents at the end of the year (Note 37)	74,109,396	59,182,485

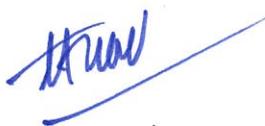
Preparer



Ha Quang Vu
Head of Financial Accounting
Management Department

20 March 2014

Approver



Nguyen Hai Hung
Chief Accountant

Approver



Nguyen Van Du
Deputy General Director

**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

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

Separate financial statements
For the year ended 31 December 2013

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FORM B 05/TCTD

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

1. GENERAL INFORMATION

Vietnam Joint Stock Commercial Bank for Industry and Trade (herein referred to as "Vietinbank" or the "Bank") is a Joint Stock Commercial Bank incorporated in the Socialist Republic of Vietnam.

Establishment and operation

The Bank was established from the equitisation of 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 Ministerial Council and subsequently reorganised 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, Vietnam Bank for Industry and Trade successfully undertook its Initial Public Offering.

The Bank was equitised and renamed as Vietnam Joint Stock Commercial Bank for Industry and Trade on 03 July 2009 under License of Establishment and Operation No. 142/GP-NHNN dated 03 July 2009, issued by the State Bank of Vietnam and Business Registration Certificate No. 0103038874 dated 03 July 2009 issued by Hanoi Planning and Investment Department. The Bank successfully raised capital in 2013 and on 22 October 2013, Hanoi Planning and Investment Department issued the ninth amendment to the Bank's Business Registration Certificate No. 0100111948.

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

Charter capital

The Bank's charter capital under the License of Establishment and Operation No. 142/GP-NHNN dated 03 July 2009 is VND 11,252,973 million of which, State-owned capital is VND 10,040,855 million and capital raised from the Initial Public Offering is VND 1,212,118 million.

On 18 October 2010, the Bank completed its share issuance 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 completed its share issuance to a strategic shareholder with the total number of new issued shares of 168,581,013.

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

On 13 April 2012, the Bank completed its share issuance to existing shareholders with the total number of new issued shares of 598,782,376.

On 14 May 2013, the Bank completed its share issuance to Bank of Tokyo Mitsubishi UFJ, Ltd. with the total number of new issued shares of 644,389,811.

On 22 October 2013, the Bank completed its share issuance to existing shareholders with the total number of new issued shares of 457,260,208.

Accordingly, as at 31 December 2013, the Bank's charter capital is VND 37,234,046 million.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

1. GENERAL INFORMATION (Continued)

The branch network

The Head Office of the Bank is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2013, the Bank has one (01) Head Office, one (01) Main Operation Center, four (04) administrative units, two (02) local representative offices, one (01) overseas representative office in Myanmar and one hundred and fifty one (151) branches (including three (03) overseas branches).

Subsidiaries

As at 31 December 2013, the Bank has seven (7) 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 and finance	100%
2	Vietinbank Securities Joint Stock Company	107/UBCK-GP dated 01 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 Ho Chi Minh City	Asset management	100%
4	Vietinbank Insurance Company Ltd.	21/GPDC6/KDBH dated 21 April 2009 by the Ministry of Finance	Non-life insurance	100%
5	Vietinbank Gold and Jewellery 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%
7	Vietinbank Global Money Transfer Company Ltd.	0105757686 dated 03 January 2012 by Hanoi Planning and Investment Department	Money transfer intermediary	100%

Employees

The total number of employees of the Bank as at 31 December 2013 is 19,183 (as at 31 December 2012: 19,257).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying separate financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, Accounting Regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. However, due to the Bank's large scale of operations, for the purpose of preparing these separate financial statements, the figures are rounded to and presented in millions of Vietnam Dong (million VND). This presentation does not impact materially the separate financial statements in terms of the financial position, the results of operations and cash flows. With regards to the number of shares, the Bank presented the item in unit as shown in Note 26.

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

Financial year

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

3. ADOPTION OF NEW GUIDANCE

3.1. New adopted guidance

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC ("Circular 45") guiding the regime of management, usage and depreciation of fixed assets. This Circular supersedes Circular No. 203/2009/TT-BTC ("Circular 203") dated 20 October 2009 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. Circular 45 is effective from 10 June 2013 and is applied from financial year 2013 onwards. According to the Board of Management's assessment, Circular 45 does not have material effect on the Bank's separate financial statements for the year ended 31 December 2013.

On 28 June 2013, the Ministry of Finance issued Circular No. 89/2013/TT-BTC ("Circular 89") amending and supplementing Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises. Circular 89 is effective from 26 July 2013. According to the Board of Management's assessment, Circular 89 does not have material effect on the Bank's separate financial statements for the year ended 31 December 2013.

3.2. New guidance in issue not yet adopted

On 21 January 2013, the State Bank of Vietnam (the "SBV") issued Circular No. 02/2013/TT-NHNN stipulating classification of assets, levels and method of making and use of provision for credit losses in activities of credit institutions and branches of foreign banks. This Circular replaces Directive No. 05/2005/CT-NHNN dated 26 April 2005 by the SBV's Governor on implementation of classification of loans and making of provision for credit losses under Decision No. 493/2005/QD-NHNN dated 22 April 2005 by the SBV's Governor, Decision No. 780/QD-NHNN dated 23 April 2012 by the SBV's Governor on classification of extended or rescheduled loans, Decision No. 493/2005/QD-NHNN dated 22 April 2005 by the SBV's Governor stipulating classification of loans, making and use of provision for credit losses in banking activities of credit institutions, Decision No. 18/2007/QD-NHNN dated 25 April 2007 by the SBV's Governor on amendment and supplement of several articles of regulations on classification of loans, making and use of provision for credit losses in banking activities of credit institutions, which were issued in Decision No. 493/2005/QD-NHNN dated 22 April 2005. Circular No. 02/2013/TT-NHNN will take effect from 01 June 2014. On 18 March 2014, the State Bank of Vietnam issued Circular No. 09/2014/TT-NHNN on amending and supplementing several articles of Circular No. 02/2013/TT-NHNN. The Board of Management of the Bank is considering the extent of impact of adopting these Circulars on the Bank's separate financial statements for future accounting periods.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and cash equivalents on hand, demand deposits, balances with the State Bank of Vietnam, placements with other credit institutions (including demand deposits and term deposits not exceeding three months) and securities with maturity not exceeding three months from the date of purchase.

Loans to customers

Loans to customers are stated at their outstanding principal amounts as at the balance sheet date.

Provision for credit losses

In accordance with Law on Credit Institutions No. 47/2010/QH12 effective from 01 January 2011, Decision No. 1627/2011/QD-NHNN dated 31 December 2011 of the Governor of State Bank on lending regulations of credit institutions, Decision No. 127/2005/QD-NHNN dated 03 February 2005 amending and supplementing to a number of lending regulations under Decision No. 1627/2001/QD-NHNN, Decision No. 493/2005/QD-NHNN dated 22 April 2005 ("Decision 493") and Decision No. 18/2007/QD-NHNN dated 25 April 2007 ("Decision 18") on loan classification and appropriation, setting up and use of reserves for handling credit risks and Decision No. 780/QD-NHNN dated 23 April 2012 ("Decision 780") of the Governor of the State Bank of Vietnam on classification of debts with respect to re-structured loans, credit institutions are required to classify loans and make provisions for credit losses. Accordingly, loans are graded using the following risk classifications: *Current, Special-mentioned, Sub-standard, Doubtful and Loss* based on the overdue status and other qualitative factors.

Credit risk exposure of loans to customers is calculated by subtracting from the loan balance the related determined value of collateral which is subject to certain accepted discount rates in accordance with Decision 493 and Decision 18.

Specific provision is established based on the net loan 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-mentioned	5%
3	Sub-standard	20%
4	Doubtful	50%
5	Loss	100%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for credit losses (Continued)

In accordance with Decision 493, loan classification is to be made at the end of each quarter for the first three quarters and on 30 November for the last quarter of each financial year.

In accordance with Decision 493, 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 make and maintain a general provision at 0.75% of total of loans that are classified in groups 1 to 4.

These provisions are recorded in the income statement as an expense that will be used to write off any credit losses incurred. According to Decision 493, the Bank sets up Risk Settlement Committee in order to write off loans if they are classified under Group 5 or if the borrowers are legal entities that are liquidated or go bankrupt, or if borrowers are individuals who pass away or are missing.

Provision for off-balance sheet commitments

Pursuant to Decision 493 and Decision 18 issued by the SBV, credit institutions classify guarantees, acceptances of payment and unconditional, irrevocable loan commitments with specific effective date (collectively referred to as "off-balance sheet commitments") as stipulated in Articles 6 and 7 of Decision 493. Accordingly, off-balance sheet commitments are classified from Group 1 to Group 5 with corresponding risk levels as: *Current, Special-mentioned, Sub-standard, Doubtful and Loss* based on overdue status and other qualitative factors.

General provision is made at 0.75% of total of guarantees, acceptances of payment and unconditional, irrevocable loan commitments which are classified from Group 1 to Group 4 on 30 November 2013. Specific provision for off-balance sheet commitments is calculated using the same method for loans to customers as prescribed above. Provision expense is charged into "Provision expense for credit losses" in the income statement and provision balance is recorded as "Other liabilities" in the balance sheet.

Investments

Trading securities

Trading securities include debt securities, equity securities and other kinds of securities that the Bank purchases and intends to sell in the short term (less than 1 year) in order to gain profits from price fluctuation. Trading securities are initially recognised at cost at the transaction date and subsequently carried at cost.

Interests received while holding trading securities are recorded in the income statement on the cash basis. Dividends are recognised in the income statement when dividend distributions are officially announced.

At the balance sheet date, trading securities are subject to impairment review. Provision for impairment is made when carrying value of the securities is higher than their market value determined in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009. If the market value of securities is undeterminable, the Bank obtains other reliable financial information as reference to determine fair value for provision. Provision for impairment is recorded in "Net gain/loss from trading securities" in the income statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment in securities

Held-to-maturity investment securities

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

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

In subsequent period, held-to-maturity investment securities are recognised at par value. Any discount or surplus (if any) is amortised on the income statement using the straight-line method over the estimated remaining term of securities. Interest paid in arrears is recorded as follows: accumulative interest income before the purchasing date is recorded as a decrease in value of such securities and the same amount is credited into accrued interest; accumulative interest income after the purchasing date is recognised as the Bank's income, based on the accumulated method. Interest received upfront is recognised and amortised to the income statement using straight-line method over the investment period.

Periodically, held-to-maturity securities are subject to impairment review. Provision for impairment is made when carrying value of the securities is higher than their market value determined in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance. If the market value of securities is undeterminable, the Bank obtains other reliable financial information as reference to determine fair value for provision. Provision for impairment is recorded in "Net gain/loss from trading investment securities" in the income statement.

Available-for-sale investment securities

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment in securities (Continued)

Available-for-sale investment securities (Continued)

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

Periodically, available-for-sale securities are subject to impairment review. Provision for impairment is made when carrying value of the securities is higher than their market value determined in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance. Accordingly, for listed equity securities, the Bank determined the value of the investments using closing prices as at the balance sheet date; for unlisted and liquid equity securities, the Bank collected direct quotations from three securities companies, of which charter capital is VND 300 billion or more each at the end of the financial year to determine the value of the investments. If the market value of securities is undeterminable, the Bank obtains other reliable financial information as reference to determine fair value for provision. For bonds of business entities, at the end of the financial year, the Bank assesses the recoverability of these bonds to determine the level of provision thereof and recognises them in the income statement. The Bank makes these estimates based on financial ability of the partners and the recoverable value of collateral assets, if any. These estimates are based on assumptions about some factors which have different levels, leading to certain future adjustments in some accounts. The provision for impairment of available-for-sale securities is recorded in the income statement as "Net gain/loss from investment securities". When market price increases, profit will be offset against, but not exceeding the provision made previously. The difference is not recorded as income until the securities are sold.

General provisions for debt securities issued by local business entities

General provision is made at 0.75% of the total balance of debt securities issued by local business entities (excluding investments for which provisions have been made 100% of the investment value) at the reporting date in accordance with Circular No. 28/2011/TT-NHNN dated 01 September 2011 issued by the State Bank of Vietnam. Provision expense is charged into "Gain/(loss) from trading/investment securities" in the income statement and provision balance is recorded as "Provision for impairment of investment securities" in the balance sheet.

Investment in subsidiaries

Investments in subsidiaries that the Bank has control are initially recorded using the historical cost method. Historical cost comprises amount of capital contributed plus other cost to maintain its ownership of the investments. The profit distribution that the Bank receives from the accumulated profits of the subsidiaries after the date the Bank starts to have control over the subsidiaries is recorded in the Bank's income statement. The other distributions received are considered parts of the recovery of the

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment in joint ventures

A joint venture is a contractual arrangement whereby the Bank and other parties undertake an economic activity that is subject to joint control. Joint control is understood as making strategic decisions related to the operational and financial policies of the joint venture must have the consent of the parties to the joint control.

The Bank's investments in joint ventures are stated at cost that includes contributed capital and other expenses for maintaining its ownership of the investments. The profit distributions from accumulated profits of the joint ventures after the Bank's joining date in the ventures are recorded in the Bank's income statement. The other distributions received are considered part of the recovery of investments that are deducted from the value of the investments.

Other long-term investments

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

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

Recognition

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

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

Derecognition

Investments in securities are derecognised when the rights to receive cash flows from the investments are ended or when the Bank has transferred significant risks and benefits attached to the ownership of the investments.

Repurchase and Reverse Repurchase Agreements

Securities sold under agreements to repurchase at a specific date in the future (repos) are recorded in the separate financial statements. The corresponding cash received is recognised in the balance sheet as a liability. The difference between the sale price and repurchase price is amortised to the income statement over the agreement validity period using the straight-line method based on the contractual interest rate.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Repurchase and Reverse Repurchase Agreements (Continued)

Conversely, securities purchased under agreements to resell at a specific date in the future (reverse repos) are not recognised in the separate financial statements. The corresponding cash payment is recognised in the balance sheet as an asset. The difference between the purchasing price and resale price is amortised to the income statement over the agreement validity period using the straight-line method based on the contractual interest rate.

Trust activities and trusted funds

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

Tangible fixed assets and depreciation

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

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

<u>Assets</u>	<u>Estimated useful lives</u> <u>(Years)</u>
Buildings and structures	05 - 50
Machinery and equipment	03 - 07
Motor vehicles	06 - 07
Other tangible fixed assets	04 - 25

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

Intangible assets and amortisation

Intangible assets comprise land use rights, computer software and other intangible assets which are stated at cost less accumulated amortisation. Land use rights granted with indefinite term are not amortised; computer software and other intangible assets are amortised using the straight-line method over the period from 02 years to 05 years. Land use rights granted with definite term are amortised over granted periods of land use.

Loss or gain resulting from sales and disposals of intangible assets which is the difference between proceeds from sales or disposals of assets and their residual values together with their disposal expenses is recognised in the income statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

A lease is considered to be an operating lease when the lessor still bears most of the risks and rewards of ownership of assets.

The Bank as lessor:

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are expensed in the year or amortised on a straight-line basis over the lease term in accordance with rental income recognition.

The Bank as lessee:

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Prepayments

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

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

Other long-term prepayments include repair, maintenance cost for assets, tools and supplies issued for consumption and prepaid service charges and other prepayments which are considered to bring future economic benefits to the Bank. These expenses are charged in the income statement, using the straight-line method over the period of prepayment term in accordance with prevailing accounting regulations, but not exceeding three years for repair, maintenance cost for assets, and not exceeding two years for tools and supplies issued for consumption.

Other receivables

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

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

The Bank makes provision for overdue receivables in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other receivables (Continued)

Accordingly, provisions for overdue receivables at the year end are made based on the following provision rates applied to receivables as at balance sheet date after deducting the value of evaluated collaterals.

<u>Overdue status</u>	<u>Rate of provision</u>
From 6 months to below 1 year	30%
From 1 year to below 2 years	50%
From 2 years to below 3 years	70%
From 3 years and above	100%

Capital and reserves

Common stocks

Common stocks are classified as owners' equity.

Share premium

When capital is received from shareholders, the difference between selling price and par value is recorded as share premium in owners' equity. Incurred expenses that directly relate to issuance of common stocks are recognised as a decrease in the share premium in the owners' equity.

Treasury shares

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

Reserves

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

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

These reserves are appropriated at the closing date of each financial year.

Revenue and expenses

Interest income

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and expenses (Continued)

Interest income (Continued)

The accrued interest income arising from the loans that is classified from either group 2 to group 5 according to the criteria set out in Decision 493, Decision 18 and Decision 780 during the year is not recognised in the income statement. Accrued interest income of impaired loans is recorded as off-balance sheet item and is only recognised in the income statement when it is actually received.

Borrowing costs

Borrowing costs are recorded in the income statement on the accrual basis.

Income from service charges and commission

Income from service charges and commissions are recognised on the cash basis, except that income from guarantee fee is recognised on the accrual basis.

Dividend recognition

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

Foreign currencies

According to the Bank's accounting system, all transactions are recorded in the original currency. Income and expense arising in foreign currency during the year are translated into VND at interbank exchange rate quoted by the State Bank of Vietnam for USD and at bank transfer rate for other foreign currencies at the end of the transaction date. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into VND using the above exchange rate as at the balance sheet date (see list of exchange rate of applicable foreign currencies against VND as at 31 December 2013 in Note 51). Unrealised foreign exchange differences arising from the translation of monetary assets and liabilities denominated in foreign currencies into VND as at the balance sheet date are recognised in the income statement.

Other provisions

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

Taxation

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

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

Deferred tax is recognised on temporary differences between carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all temporary differences except that deferred tax liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit (or tax loss) at the transaction date. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

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

Separate financial statements
For the year ended 31 December 2013

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

Employee benefits

Post-employment benefits

When retiring, employees of the Bank are entitled to receive post-employment benefits from the Social Insurance Fund and a 2-month pay based on the average of actual monthly salary of 6 months adjacent to the date of employees' retirement paid by the Bank (allocated from the Bank's provision for salary).

Employees who are forced to early retire as a part of employment rearrangement are entitled to receive a half of the Social Securities Wage Base for one year (12 months) of employment and a half of the Social Securities Wage Base for each month of early retirement period (maximum of 48 months of early retirement).

Resignation allowance

Resigned employees of the Bank are entitled to receive one-half of the Social Securities Wage Base for each year (12 months) of employment until 31 December 2008.

Unemployment allowance

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivatives

Forward, swap and future contracts

For currency forward, swap and future contracts, the difference of VND amounts equivalent to the foreign currencies committed for trading between forward exchange rate and spot exchange rate as at effective date of the contract is recognised as "Derivative financial instruments and other financial assets" when it is positive, or as "Derivative financial instruments and other financial liabilities" when it is negative. The difference is subsequently amortised in the income statement as "Net gain/(loss) from trading foreign currencies" over contractual terms. Commitments of currency forward, swap and future contracts are revalued on a monthly basis at interbank exchange rate quoted by the State Bank of Vietnam for USD and at bank transfer rate for other foreign currencies at the end of the transaction date and recorded in foreign exchange reserves and then transferred to "Net gain/loss from trading foreign currencies" at the balance sheet date.

Currency option contracts

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

Related parties

The parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making decisions on financial and operating policies. A party is considered as a related party with the Bank if:

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

Off-balance sheet commitments and guarantees

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. CASH, GOLD AND GEMSTONES

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Cash in VND	2,332,771	1,986,891
Cash in foreign currencies	489,813	516,662
Valuable papers in foreign currencies	1,818	969
Monetary gold	4,747	-
	<u>2,829,149</u>	<u>2,504,522</u>

6. BALANCES WITH THE STATE BANK OF VIETNAM

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Current account at the State Bank of Vietnam in VND	7,386,324	10,045,199
Current account at the State Bank of Vietnam in foreign currencies	2,772,333	2,187,675
	<u>10,158,657</u>	<u>12,232,874</u>

Deposit at the State Bank of Vietnam consists of compulsory reserves for deposits and current accounts. Pursuant to regulations by the State Bank of Vietnam on compulsory reserve, part of the Banks' compulsory reserve can be floating balance. In details, according to Decision No. 379/QD-NHNN dated 24 February 2009, Decision No. 1925/QD-NHNN dated 26 August 2011 and Decision No. 1972/QD-NHNN dated 31 August 2011:

Compulsory reserve balances for VND deposits applicable to credit institutions as at 31 December 2013 are as follows:

- Compulsory reserve balance is 3% (31 December 2012: 3%) of the preceding month's average balance for demand deposits and term deposits in VND with terms of less than 12 months;
- Compulsory reserve balance is 1% (31 December 2012: 1%) of the preceding month's average balance for deposits in VND with terms of more than 12 months.

Compulsory reserve balances for deposits in foreign currencies applicable to credit institutions as at 31 December 2013 are as follows:

- Compulsory reserve balance is 8% (31 December 2012: 8%) of the preceding month's average balance for demand deposits and time deposits in foreign currencies with terms of less than 12 months;
- Compulsory reserve balance is 6% (31 December 2012: 6%) of the preceding month's average balance for deposits in foreign currencies with terms of more than 12 months;
- Compulsory reserve balance is 1% (31 December 2012: 1%) of the balance for deposits in foreign currencies from overseas credit institutions.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	<u>31/12/2013</u>	<u>31/12/2012 (*)</u>
	million VND	million VND
Placements with other credit institutions		
Demand deposits	12,576,472	14,470,805
- In VND	5,436,457	4,663,378
- In foreign currencies	7,140,015	9,807,427
Term deposits	46,642,332	6,929,297
- In VND	37,782,000	4,899,900
- In foreign currencies	8,860,332	2,029,397
	<u>59,218,804</u>	<u>21,400,102</u>
Loans to other credit institutions		
Loans in VND	9,537,470	28,371,720
Loans in gold and foreign currencies	4,595,254	8,187,503
Provisions for credit losses of loans to other credit institutions	(105,995)	(182,947)
	<u>14,026,729</u>	<u>36,376,276</u>
	<u>73,245,533</u>	<u>57,776,378</u>

(*) Certain reclassifications was made to enhance the comparability.

8. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS/LIABILITIES

	Net book value (at exchange rate as of the reporting date)	
	<u>Assets</u>	<u>Liabilities</u>
	million VND	million VND
As at 31/12/2013		
Currency derivative financial instruments	164,334	-
Forward contracts	78,808	-
Swap contracts	82,545	-
Future contracts	2,981	-
As at 31/12/2012		
Currency derivative financial instruments	74,451	-
Forward contracts	60,108	-
Swap contracts	14,343	-

9. LOANS TO CUSTOMERS

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Loans to local business entities and individuals	371,491,369	329,347,874
Discounting promissory notes and valuable papers	562,909	310,324
Payments made on behalf of customers	30,445	55,999
Loans by grants, investment trusts	1,336,736	1,636,760
Loans to foreign organisations and individuals	1,435,240	584,576
Frozen loans and loans pending for resolution	-	1
	<u>374,856,699</u>	<u>331,935,534</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

9. LOANS TO CUSTOMERS (Continued)

Analysis of loan by quality

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Current loans	368,589,345	325,990,347
Special-mentioned loans	2,528,801	1,100,327
Sub-standard loans	515,442	971,437
Doubtful loans	974,061	1,775,159
Loss loans	2,249,050	2,098,264
	<u>374,856,699</u>	<u>331,935,534</u>

Analysis of loan balances by terms

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Short-term loans	227,647,048	200,363,021
Medium-term loans	32,032,523	33,089,834
Long-term loans	115,177,128	98,482,679
	<u>374,856,699</u>	<u>331,935,534</u>

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

Analysis of loan balances by type of business entity

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
State-owned enterprises	30,401,296	34,374,823
State-owned one-member limited enterprises	65,832,863	48,853,083
Two or more member limited liability enterprises with more than 50% of the State's share holding	2,595,327	2,291,578
Other limited companies	70,202,978	61,122,359
Joint stock companies with more than 50% of the State's share-holding	29,596,806	28,279,319
Other joint stock companies	90,531,534	84,505,376
Partnership companies	265,660	8,566
Private companies	12,251,473	12,147,146
Foreign invested enterprises	12,328,812	8,570,719
Cooperatives, cooperative unions	1,866,539	1,621,853
Household businesses, individuals	58,425,479	49,724,817
Administrative units, the Party, unions and associations	495,011	368,854
Others	62,921	67,041
	<u>374,856,699</u>	<u>331,935,534</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

9. LOANS TO CUSTOMERS (Continued)

Analysis of loan balances by industry

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Agriculture, forestry and aquaculture	11,260,053	8,300,259
Mining and quarrying	24,432,848	25,180,279
Manufacturing and processing	127,344,314	104,816,309
Electricity, fuel gas and hot water	25,661,685	22,748,003
Water supplying, garbage and sewage treatment and management	563,554	514,328
Construction	26,581,900	22,538,634
Wholesale and retail trade, repair of motor vehicles, motor cycles	107,198,910	97,084,077
Transport, warehouse	7,730,763	9,435,154
Hospitality services	2,415,429	2,291,084
Information and communications	1,530,684	1,755,920
Real estate	24,796,140	26,057,257
Profession, science and technology	95,855	108,598
Administrative activities and supporting service	332,401	314,794
Education and training	786,232	968,304
Health care and social work	1,812,303	2,089,217
Other service activities	6,063,292	4,586,074
Households	5,723,154	3,071,071
International organisations and bodies	188,109	-
Others	339,073	76,172
	<u>374,856,699</u>	<u>331,935,534</u>

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

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

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Provisions for credit losses of loans to customers	3,270,857	3,640,926
Provision for off-balance sheet commitments (see Note 24)	405,988	409,833
	<u>3,676,845</u>	<u>4,050,759</u>



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

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

10.2 Movement in provision for credit losses of loans to customers for the year ended 31 December 2013:

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
As at 01/01/2013	2,289,022	1,351,904	3,640,926
Provision charged for the year (Note 35)	326,890	3,834,461	4,161,351
Provision utilised for the year	-	(4,531,420)	(4,531,420)
As at 31/12/2013	2,615,912	654,945	3,270,857

The Bank classifies the loans under Article 6 of Decision 493, Decision 18, Decision 780 and other related regulations of competent state authorities. Provision for credit losses as at 31 December 2013 is made based on the loan classification result as at 30 November 2013.

Provision for credit losses of loans at overseas branches is made in accordance with prevailing regulations in their local jurisdictions.

Movement of the provision for credit losses of loans to customers for the year ended 31 December 2012 is as follows:

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
As at 01/01/2012	2,055,187	938,934	2,994,121
Provision charged for the year (Note 35)	233,835	3,960,418	4,194,253
Provision utilised for the year	-	(3,547,448)	(3,547,448)
As at 31/12/2012	2,289,022	1,351,904	3,640,926



**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

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

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

10.3 Movement of provision for off-balance sheet commitments during the year ended 31 December 2013

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
As at 01/01/2013	331,443	78,390	409,833
Provision charged/(reversed) for the year (Note 35)	38,554	(42,399)	(3,845)
As at 31/12/2013	<u>369,997</u>	<u>35,991</u>	<u>405,988</u>

The Bank classifies the off-balance sheet commitments under Article 6 of Decision 493 and Decision 18. Provision for off-balance sheet commitments as at 31 December 2013 is made based on the classification of off-balance sheet commitments as at 30 November 2013.

Provision for off-balance sheet commitments at overseas branches is made in accordance with prevailing regulations in their local jurisdictions.

Movement of provision for off-balance sheet commitments for the year ended 31 December 2012 is as follows:

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
As at 01/01/2012	367,512	68,299	435,811
Provision charged for the year (Note 35)	(36,069)	10,091	(25,978)
As at 31/12/2012	<u>331,443</u>	<u>78,390</u>	<u>409,833</u>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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11. TRADING SECURITIES

	31/12/2013	31/12/2012
	million VND	million VND
Debt securities	633,425	-
- Government bonds	633,425	-
	<u>633,425</u>	<u>-</u>
Provisions for impairment of trading securities	-	-
	<u>633,425</u>	<u>-</u>

Listing status of trading securities

	31/12/2013	31/12/2012
	million VND	million VND
Debt securities		
Government bonds		
- Listed	633,425	-
- Unlisted	-	-
	<u>633,425</u>	<u>-</u>

12. INVESTMENT SECURITIES

	31/12/2013	31/12/2012
	million VND	million VND
Available-for-sale investment securities	79,474,602	70,132,315
<i>Debt securities</i>	79,311,551	69,970,404
Government bonds	45,699,747	44,518,303
Debt securities issued by other local credit institutions	4,214,596	2,565,070
Debt securities issued by local business entities	29,397,208	22,887,031
<i>Equity securities</i>	163,051	161,911
Equity securities issued by other local credit institutions	16,888	16,888
Equity securities issued by local business entities	146,163	145,023
Provisions for impairment of available-for-sale investment securities	(198,425)	(113,207)
	<u>79,276,177</u>	<u>70,019,108</u>
Held-to-maturity investment securities	2,586,748	2,400,000
Government bonds	2,200,000	2,200,000
Debt securities issued by local business entities	386,748	200,000
Provisions for impairment of held-to-maturity investment securities	-	-
	<u>2,586,748</u>	<u>2,400,000</u>
	<u>81,862,925</u>	<u>72,419,108</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

13. PROVISION FOR IMPAIRMENT OF INVESTMENT SECURITIES

Movement of the provision for impairment of investment securities for the year ended 31 December 2013 is as follows:

	Provision for available-for-sale securities	Provision for held- to-maturity securities	Total
	million VND	million VND	million VND
As at 01/01/2013	113,207	-	113,207
Provision charged for the year (Note 31)	85,218	-	85,218
As at 31/12/2013	<u>198,425</u>	<u>-</u>	<u>198,425</u>

14. LONG-TERM INVESTMENTS

	31/12/2013	31/12/2012
	million VND	million VND
Investment in subsidiaries (Note 14.1)	3,317,232	3,227,232
Investments in joint ventures (Note 14.2)	2,088,788	1,792,058
Other long-term investments	321,108	327,109
Provisions for impairment of long-term investments	(3,408)	(824)
	<u>5,723,720</u>	<u>5,345,575</u>

14.1 Investment in subsidiaries

	Investment value as at 31/12/2013	Investment value as at 31/12/2012
	million VND	million VND
Vietinbank Leasing Company Ltd.	800,000	800,000
Vietinbank Securities Joint Stock Company	597,232	597,232
Vietinbank Debt Management and Asset Exploitation Company Ltd.	120,000	30,000
Vietinbank Insurance Company Ltd.	500,000	500,000
Vietinbank Fund Management Company Ltd.	950,000	950,000
Vietinbank Gold and Jewellery Trading Company Ltd.	300,000	300,000
Vietinbank Global Money Transfer Company Ltd.	50,000	50,000
	<u>3,317,232</u>	<u>3,227,232</u>

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14. LONG-TERM INVESTMENTS (Continued)

14.2 Investment in joint ventures

	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power %	Investment value as at 31/12/2013 million VND	Investment value as at 31/12/2012 million VND	Principal activities
Indovina Bank Ltd.	97A Nguyen Van Troj Street, Ward 12, Phu Nhuan District, Ho Chi Minh City	50	50	1,688,788	1,392,058	Providing banking services such as deposit, lending, card service, L/C, remittances, etc.
Vietinbank Aviva Life Insurance Company Limited	Room 1001B, 10th Floor, B Tower, Handi Resco Building, 512 Kim Ma, Ba Dinh, Hanoi	50	50	400,000	400,000	- Providing life insurance service - Providing health insurance service - Providing reinsurance service
				2,088,788	1,792,058	

- Indovina Bank Ltd. was established in Vietnam with the head office located in Ho Chi Minh City; its principal activity is providing banking services. Indovina Bank Ltd. is a joint venture between the Bank and a Taiwanese bank, Cathay United Bank. Indovina Bank Ltd. received Operation License No. 08/NH-GP dated 29 October 1992 issued by the SBV and amendments for the operating period of 40 years and with the initial charter capital of USD 10,000,000.

Since its establishment, the charter capital of Indovina Bank Ltd. has been increased several times under the approval of the SBV, while the proportions of ownership interest of the joint venture partners remains unchanged. As at 31 December 2013, Indovina Bank Ltd.'s charter capital was USD 193,000,000.

- Vietinbank Aviva Life Insurance Company Limited was established in Vietnam. This company is the joint venture between the Bank and a company incorporated in the United Kingdom - Aviva International Holdings Limited. The joint venture received Establishment and Operation License No. 64 GP/KDBH dated 29 July 2011 for the operating period of 50 years with the initial charter capital of VND 800 billion.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

15. TANGIBLE FIXED ASSETS

The movement of tangible fixed assets for the year ended 31 December 2013 is as follows:

	Building, structures	Machinery, equipment	Motor vehicles	Others	Total
	million VND	million VND	million VND	million VND	million VND
Cost					
As at 01/01/2013	1,946,406	3,798,346	720,111	154,122	6,618,985
Acquisitions during the year	672,742	210,028	87,813	11,958	982,541
Transfer from construction in progress	383,409	28,705	-	3,625	415,739
Other additions	16,182	7,142	2,190	521	26,035
Disposals	(7,810)	(21,320)	(14,187)	(925)	(44,242)
Reclassification (*)	(51)	(670,984)	(671)	(27,858)	(699,564)
Other decreases	(15,406)	(11,865)	(1,867)	(1,190)	(30,328)
As at 31/12/2013	2,995,472	3,340,052	793,389	140,253	7,269,166
Accumulated depreciation					
As at 01/01/2013	565,326	2,614,120	397,522	90,644	3,667,612
Depreciation charged for the year	186,608	447,033	94,645	21,732	750,018
Other additions	13,874	1,253	111	130	15,368
Disposals	(3,130)	(20,051)	(14,187)	(899)	(38,267)
Reclassification (*)	(23)	(545,310)	(628)	(18,459)	(564,420)
Other decreases	(1,160)	(821)	(1,869)	(514)	(4,364)
As at 31/12/2013	761,495	2,496,224	475,594	92,634	3,825,947
Net book value					
As at 31/12/2013	2,233,977	843,828	317,795	47,619	3,443,219
As at 31/12/2012	1,381,080	1,184,226	322,589	63,478	2,951,373

(*) Reclassification reflects the value of the assets reclassified in accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

15. TANGIBLE FIXED ASSETS (Continued)

The movement of tangible fixed assets for the year ended 31 December 2012 is as follows:

	Building, structures	Machinery, equipment	Motor vehicles	Others	Total
	million VND	million VND	million VND	million VND	million VND
Cost					
As at 01/01/2012	1,291,760	3,252,896	652,019	290,804	5,487,479
Acquisitions during the year	494,994	184,294	68,911	23,395	771,594
Transfer from construction in progress	192,825	51,756	2,688	451	247,720
Other additions	1,237	197,490	10,517	14,296	223,540
Disposals	(7,502)	(56,200)	(13,725)	(4,810)	(82,237)
Reclassification	(12,773)	168,503	23	(166,171)	(10,418)
Other decreases	(14,135)	(393)	(322)	(3,843)	(18,693)
As at 31/12/2012	1,946,406	3,798,346	720,111	154,122	6,618,985
Accumulated depreciation					
As at 01/01/2012	461,027	1,990,910	334,257	176,979	2,963,173
Depreciation charged for the year	103,088	539,329	89,105	34,025	765,547
Other additions	21,546	29,942	1,707	240	53,435
Disposals	(2,332)	(18,077)	(3,439)	(3,117)	(26,965)
Reclassification	367	78,240	(580)	(79,986)	(1,959)
Other decreases	(18,370)	(6,224)	(23,528)	(37,497)	(85,619)
As at 31/12/2012	565,326	2,614,120	397,522	90,644	3,667,612
Net book value					
As at 31/12/2012	1,381,080	1,184,226	322,589	63,478	2,951,373
As at 31/12/2011	830,733	1,261,986	317,762	113,825	2,524,306

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

16. INTANGIBLE FIXED ASSETS

The movement of intangible fixed assets for the year ended 31 December 2013 is as follows:

	Land-use rights	Computer	Total
	million VND	software	million VND
	million VND	million VND	million VND
Cost			
As at 01/01/2013	2,217,170	412,388	2,629,558
Acquisitions during the year	1,210,518	211,453	1,421,971
Other additions	23,600	508	24,108
Reclassification (*)	-	(3,819)	(3,819)
Other decreases	(7,884)	(1,017)	(8,901)
As at 31/12/2013	3,443,404	619,513	4,062,917
Accumulated amortisation			
As at 01/01/2013	63,341	265,216	328,557
Amortisation charged for the year	36,612	90,637	127,249
Other additions	132	220	352
Reclassification (*)	-	(3,457)	(3,457)
Other decreases	(1,131)	(960)	(2,091)
As at 31/12/2013	98,954	351,656	450,610
Net book value			
As at 31/12/2013	3,344,450	267,857	3,612,307
As at 31/12/2012	2,153,829	147,172	2,301,001

(*) Reclassification reflects the value of the assets reclassified in accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

16. INTANGIBLE FIXED ASSETS (Continued)

The movement of intangible fixed assets for the year ended 31 December 2012 is as follows:

	<u>Land-use rights</u> million VND	<u>Computer software</u> million VND	<u>Total</u> million VND
Cost			
As at 01/01/2012	1,115,044	314,681	1,429,725
Acquisitions during the year	1,089,387	84,592	1,173,979
Other additions	12,695	37,273	49,968
Disposals	-	(441)	(441)
Reclassification	1,456	8,962	10,418
Other decreases	(1,412)	(32,679)	(34,091)
As at 31/12/2012	2,217,170	412,388	2,629,558
Accumulated amortisation			
As at 01/01/2012	62,419	176,084	238,503
Amortisation charged for the year	28,934	80,902	109,836
Other additions	618	27,066	27,684
Disposals	-	(73)	(73)
Reclassification	79	1,880	1,959
Other decreases	(28,709)	(20,643)	(49,352)
As at 31/12/2012	63,341	265,216	328,557
Net book value			
As at 31/12/2012	2,153,829	147,172	2,301,001
As at 31/12/2011	1,052,625	138,597	1,191,222

17. OTHER RECEIVABLES

	<u>31/12/2013</u> million VND	<u>31/12/2012</u> million VND
Construction in progress	3,585,543	2,265,616
Purchases and major repair of fixed assets	3,537,506	4,547,567
External receivables	2,997,480	2,413,719
Internal receivables	303,235	116,814
	10,423,764	9,343,716
Construction in progress		
	<u>31/12/2013</u> million VND	<u>31/12/2012</u> million VND
Constructions in the Northern area	2,829,080	1,641,185
Constructions in the Central area	269,692	191,226
Constructions in the Southern area	486,771	433,205
	3,585,543	2,265,616

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

18. OTHER ASSETS

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Materials and tools	99,320	85,616
Prepaid expenses (*)	2,426,500	1,913,026
Other assets	123,935	123,935
	<u>2,649,755</u>	<u>2,122,577</u>

(*) Prepaid expenses mainly include those of the head office and other office rental of the Bank and the net book value of assets which do not meet the conditions for fixed assets in accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance.

19. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Borrowings for grants to SOEs	12,472	12,472
Loans under credit contracts	109,778	-
Discounting and rediscounting valuable papers	-	2,570,924
Other borrowings	24,965	34,606
Current accounts held by the State Treasury	156	167,372
	<u>147,371</u>	<u>2,785,374</u>

20. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Demand deposits, gold from other credit institutions	3,995,154	9,086,668
- In VND	1,308,320	1,090,027
- In gold and foreign currencies	2,686,834	7,996,641
Term deposits, gold from other credit institutions	27,871,100	10,897,065
- In VND	19,870,000	9,261,157
- In gold and foreign currencies	8,001,100	1,635,908
Borrowings from other credit institutions	48,598,926	76,641,391
- In VND	21,180,000	38,675,000
- In gold and foreign currencies	27,418,926	37,966,391
	<u>80,465,180</u>	<u>96,625,124</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

21. DEPOSITS FROM CUSTOMERS

Analysis by type of deposits

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Demand deposits, gold	63,023,561	53,518,942
- Demand deposits in VND	51,601,126	44,502,873
- Demand deposits in gold, foreign currencies	11,422,435	9,016,069
Term deposits, gold	290,105,567	226,356,297
- Term deposits in VND	267,694,906	207,599,363
- Term deposits in gold, foreign currencies	22,410,661	18,756,934
Deposits for specific purpose	2,817,072	2,111,658
- Deposits for specific purpose in VND	1,247,913	763,849
- Deposits for specific purpose in foreign currencies	1,569,159	1,347,809
Margin deposits	8,629,476	7,610,584
- Margin deposits in VND	7,386,419	6,218,931
- Margin deposits in gold, foreign currencies	1,243,057	1,391,653
	<u>364,575,676</u>	<u>289,597,481</u>

Analysis by type of customers and type of business entity

	<u>31/12/2013</u>	<u>31/12/2012 (*)</u>
	million VND	million VND
State-owned enterprises	59,404,797	39,396,103
State-owned one-member limited enterprises	21,531,835	31,876,337
Two or more member limited liability enterprises with more than 50% of the State's share holding	1,078,205	920,393
Other limited companies	11,220,400	9,179,498
Joint stock companies with more than 50% of the State's share-holding	18,242,961	16,580,060
Other joint stock companies	18,072,640	12,345,034
Partnership companies	360,629	1,041,770
Private companies	1,086,760	918,791
Foreign invested enterprises	13,902,481	7,976,239
Cooperatives, cooperative unions	256,497	275,489
Household businesses, individuals	198,835,833	156,461,758
Administrative units, the Party, unions and associations	13,059,446	5,458,573
Others	7,523,192	7,167,436
	<u>364,575,676</u>	<u>289,597,481</u>

(*) Certain reclassifications were made to enhance the comparability.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

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

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Funds received from other organisations and individuals in VND	27,453,348	27,727,461
Funds received from other organisations and individuals in foreign currencies	1,720,143	1,817,902
Funds received from international organisations in VND	961,899	1,121,151
Funds received from international organisations in foreign currencies	3,624,971	3,607,212
	<u>33,760,361</u>	<u>34,273,726</u>

23. VALUABLE PAPERS

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Valuable papers in VND	10,503,919	22,586,071
Valuable papers in foreign currencies	6,060,847	6,083,158
	<u>16,564,766</u>	<u>28,669,229</u>

Detail of valuable papers by term:

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Certificate of deposit		
Term under 12 months	11,314,652	9,622,900
Term from 12 months to under 5 years	23,934	13,727,281
Bills		
Term under 12 months	2,764	2,968
Bonds		
Term from 12 months to under 5 years	5,223,416	5,161,280
Other valuable papers		
Term under 12 months	-	154,800
	<u>16,564,766</u>	<u>28,669,229</u>

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

24. OTHER LIABILITIES

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Interest and fees payable	4,288,543	3,597,721
Internal payables	3,215,002	3,009,706
External payables	19,548,799	11,454,717
Provisions for commitments (see Note 10)	405,988	409,833
	<u>27,458,332</u>	<u>18,471,977</u>

24.1 Details of internal payables

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Payables to employees	1,863,590	1,772,474
Payables relating to bonus and welfare funds	1,281,743	1,069,110
Others	69,669	168,122
	<u>3,215,002</u>	<u>3,009,706</u>

24.2 Details of external payables

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Payments/receipts on behalf of other organisations	17,585,562	9,481,078
Amount due to customers and deferred payment	161,199	614,806
Corporate income tax payables	168,203	506,230
Other pending payments	868,631	493,046
Other tax payables	67,909	65,675
Payables for insurance of deposits	70,177	58,958
Payables to the SBV from recovery of written-off bad debts	60,004	44,814
Payables relating to trade finance activities	6,021	11,382
Money transfer payables	67,660	32,221
Other payables	493,433	146,507
	<u>19,548,799</u>	<u>11,454,717</u>

25. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	<u>Opening balance</u>	<u>Movement in 2013</u>		<u>Closing balance</u>
		<u>Payables</u>	<u>Paid</u>	
	million VND	million VND	million VND	million VND
Value added tax	(86,497)	115,564	118,240	(89,173)
Corporate income tax	506,230	1,857,734	2,195,761	168,203
Other taxes	53,947	414,526	415,003	53,470
	<u>473,680</u>	<u>2,387,824</u>	<u>2,729,004</u>	<u>132,500</u>

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

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

Separate financial statements
For the year ended 31 December 2013

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

FORM B 05/TCTD

26. CAPITAL AND RESERVES

The movement of major items in owners' equity

	Charter capital million VND	Share premium million VND	Financial reserve fund million VND	Capital supplementary reserve million VND	Retained earnings million VND	Total million VND
As at 01/01/2013	26,217,545	759	1,645,811	726,087	4,179,580	32,769,782
Capital increase in the year	11,016,501	8,969,068	-	-	-	19,985,569
Profit for the year	-	-	-	-	5,870,959	5,870,959
Appropriation to reserves	-	-	587,096	293,548	(1,980,644)	(1,100,000)
Adjustment of appropriation to reserves for previous year	-	-	155	-	(905)	(750)
Dividend payment of 2012	-	-	-	-	(4,194,807)	(4,194,807)
Other decreases	-	-	(131)	-	(36,426)	(36,557)
As at 31/12/2013	37,234,046	8,969,827	2,232,931	1,019,635	3,837,757	53,294,196

As at 31 December 2013, the Bank made temporarily appropriation to reserves and profit distribution based on the operating result in 2013.

As at 27 December 2012, the Bank signed the strategic investment contract and comprehensive cooperation contract with Bank of Tokyo-Mitsubishi UFI, Ltd. ("BTMU"). Accordingly, the Bank obtained license to sell 20% of its shares to BTMU through issuing 644,389,811 ordinary shares and increase charter capital to VND 32,661 billion. On 26 February 2013, shareholders of the Bank passed Resolution No. 07/NQ-DHDCD to approve the plan regarding additional shares issuance to BTMU. On 14 May 2013, the issuance to BTMU and the charter capital increase were completed.

On 14 May 2013, a new business registration certificate was issued to the Bank by Hanoi Planning and Investment Department. Accordingly, the Bank's charter capital was VND 32,661,443 million.

On 22 October 2013, the Bank completed its share issuance to existing shareholders with the total number of new issued shares of 457,260,208. Accordingly, as at 31 December 2013, the Bank's charter capital is VND 37,234,046 million.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

26. CAPITAL AND RESERVES (Continued)

Details of the Bank's number of shares are as follows:

	31/12/2013		31/12/2012	
	Total shares (units)	Ordinary shares (million VND)	Total shares (units)	Ordinary shares (million VND)
Capital of the Government	2,400,204,956	24,002,050	2,105,442,944	21,054,429
Contributed capital (shareholders, members)	1,323,199,600	13,231,996	516,311,593	5,163,116
Share premium	non-applicable	8,969,827	non-applicable	759
	3,723,404,556	46,203,873	2,621,754,537	26,218,304

Details of the Bank's shares are as follows:

	31/12/2013	31/12/2012
	Unit	Unit
Number of registered shares for issue	3,723,404,556	2,621,754,537
Number of shares in circulation	3,723,404,556	2,621,754,537
- Ordinary shares	3,723,404,556	2,621,754,537
- Preferred shares	-	-
Par value of shares (VND)	10,000	10,000

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

27. INTEREST AND SIMILAR INCOME

	<u>2013</u>	<u>2012</u>
	million VND	million VND
Interest from deposits	893,146	1,887,546
Interest from loans to customers	34,504,101	39,708,875
Interest from debt securities	8,543,319	8,732,209
Other income from credit activities	2,948	4,832
	<u>43,943,514</u>	<u>50,333,462</u>

28. INTEREST AND SIMILAR EXPENSES

	<u>2013</u>	<u>2012</u>
	million VND	million VND
Interest expense on deposits	20,362,276	24,830,185
Interest expense on borrowings	3,683,911	5,931,339
Interest expense on valuable papers issued	2,037,250	1,574,784
Expenses on other credit activities	2,437	17,569
	<u>26,085,874</u>	<u>32,353,877</u>

29. NET GAIN FROM SERVICES

	<u>2013</u>	<u>2012 (*)</u>
	million VND	million VND
Income from services	1,882,371	1,688,097
- Income from remittance services	1,024,390	833,957
- Income from treasury and guarantee services	315,523	358,830
- Income from trust and agency services	18,026	21,584
- Others	524,432	473,726
Expense on services	550,724	544,360
- Expense on remittance services	87,409	88,935
- Expense on trust and agency services	3,490	2,704
- Expense on treasury services	139,919	151,723
- Others	319,906	300,998
Net gain from services	<u>1,331,647</u>	<u>1,143,737</u>

(*) Certain reclassifications were made to enhance the comparability.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

30. NET GAIN FROM TRADING FOREIGN CURRENCIES

	<u>2013</u>	<u>2012</u>
	million VND	million VND
Income from trading foreign currencies	1,309,259	606,757
- Income from trading foreign currencies	734,243	367,350
- Income from trading gold	870	-
- Income from trading derivative financial instruments	574,146	239,407
Expenses for trading foreign currencies	1,038,743	255,729
- Expenses from trading foreign currencies	474,134	157,243
- Expense from trading gold	384	-
- Expenses from trading derivative financial instruments	564,225	98,486
Net gain from trading foreign currencies	270,516	351,028

31. NET GAIN FROM TRADING INVESTMENT SECURITIES

	<u>2013</u>	<u>2012</u>
	million VND	million VND
Income from trading investment securities	117,363	363,891
Expense for trading investment securities	(2)	(285)
Provision (charged)/reversed for impairment of investment securities	(85,218)	153,878
Net gain from trading investment securities	32,143	517,484

32. NET PROFIT FROM OTHER ACTIVITIES

	<u>2013</u>	<u>2012 (*)</u>
	million VND	million VND
Other operating expenses	1,881,552	1,316,046
Income from recovery of bad debts	1,241,774	1,254,536
Income from other derivatives	136,280	24,161
Other income	503,498	37,349
Expenses on other activities	354,827	81,217
Expense from other derivatives	154,897	39,707
Other expenses	199,930	41,510
Net profit from other activities	1,526,725	1,234,829

(*) Certain reclassifications were made to enhance the comparability.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

33. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS

	2013	2012
	million VND	million VND
Dividends income from capital contributions and shares purchases for the year		
- from investment equity securities	2,075	8,949
- from capital contribution, long-term investments	482,533	512,238
	<u>484,608</u>	<u>521,187</u>

34. OPERATING EXPENSES

	2013	2012 (*)
	million VND	million VND
Taxes, fees and charges	43,742	76,465
Staff cost		
- Salaries and allowances	4,407,423	4,383,555
- Salary-based expenses	213,325	220,442
- Other benefits	90,776	43,095
- Social activities expense	1,403	1,505
- Other expenses	188,051	211,715
Expenses for fixed assets		
- Depreciation and amortisation expenses	877,267	875,383
- Others	859,909	799,198
Expenses for operating management		
- Per diem	135,331	131,371
- Expenses for union activities	22,895	10,179
- Others	2,583,694	2,293,003
Insurance premium for customers' deposits	271,150	216,396
Other provision expenses	2,584	824
	<u>9,697,550</u>	<u>9,263,131</u>

(*) Certain reclassifications were made to enhance the comparability.

35. PROVISION EXPENSES FOR CREDIT LOSSES

	2013	2012 (*)
	million VND	million VND
Provision (reversed)/charged for credit losses of loans to credit institutions	(76,952)	150,419
Provision expense for credit losses of loans to customers (Note 10)	4,161,351	4,194,253
Provision expense for off-balance sheet commitments (Note 10)	(3,845)	(25,978)
	<u>4,080,554</u>	<u>4,318,694</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

36. CORPORATE INCOME TAX EXPENSE

	2013	2012 (*)
	million VND	million VND
Profit before corporate income tax	7,730,907	8,166,025
<i>Adjustments for:</i>		
- Non-taxable dividend income and profits received	(484,608)	(521,187)
- Provision reversed/charged for debt securities	59,803	(125,124)
- Others	110,094	102,821
Taxable profit	7,416,196	7,622,535
Corporate income tax rate	25%	25%
Current corporate income tax expense based on the domestics income	1,854,049	1,905,634
Current corporate income tax expense based on the overseas income	5,899	592
Total corporate income tax expense	1,859,948	1,906,226

37. CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the cash flow statement includes the following balance sheet items:

	31/12/2013	31/12/2012
	million VND	million VND
Cash, gold and gemstones (*)	2,829,149	2,504,522
Balances with the State Bank of Vietnam (*)	10,158,657	12,232,874
Current deposits at other credit institutions (*)	12,576,472	14,470,805
Deposits at and loans to other credit institutions with terms of not exceeding 3 months	45,866,665	26,246,284
Securities with terms of not exceeding 3 months from the date of purchase	2,678,453	3,728,000
	74,109,396	59,182,485

(*) Balances of cash, gold and gemstones, balance with the State Bank of Vietnam and current deposits at other credit institutions are presented in Note 5, Note 6 and Note 7.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

38. EMPLOYEES' REMUNERATIONS

	<u>2013</u>	<u>2012</u>
I. Total number of employees (person) (*)	19,183	19,257
II. Employees' income (million VND)		
1. Total salary fund	4,407,423	4,383,555
2. Bonus	-	-
3. Other allowances	132,002	117,249
4. Total income (1+2+3)	<u>4,539,425</u>	<u>4,500,804</u>
5. Average monthly salary (**)	<u>19.37</u>	<u>19.79</u>
6. Average monthly income (**)	<u>19.95</u>	<u>20.31</u>

(*) Figures as at 31 December.

(**) Calculations were made based on average total number of employees for the year.

39. COLLATERALS AND MORTGAGES

39.1. Type and value of collaterals and mortgages

	Carrying value at balance sheet date	
	(million VND)	
	<u>31/12/2013</u>	<u>31/12/2012</u>
Real estate	398,385,936	379,347,644
Movable assets	27,882,136	30,897,047
Valuable papers	42,689,836	32,691,212
Other assets	196,342,350	154,480,824
	<u>665,300,258</u>	<u>597,416,727</u>

39.2. Collaterals and mortgages held by the Bank which are permitted to sell to or re-pledge for a third party in the absence of default by the owner of the collaterals

As at 31 December 2013, the Bank did not hold any collateral which the Bank is permitted to sell or re-pledge for a third party in the absence of default by the owner of the collaterals.

40. CONTINGENT LIABILITIES AND COMMITMENTS

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

Credit risk of off-balance sheet financial instruments is defined as the possibility of the Bank's sustaining a loss because any other party to a financial instrument fails to meet contractual obligations.

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

40. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

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

The Bank requires margin deposits to cover the 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 customers as assessed by the Bank.

In addition, the Bank engages conditional commitments, in forms of commitments in interest swap contracts, commitments in valuable papers trading contracts and other commitments.

Details of contingent liabilities and commitments as at 31 December 2013:

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Contingent liabilities	46,730,513	43,848,065
Financial guarantees	19,104,454	16,563,687
Letters of Credit	27,626,059	27,284,378
Commitments	17,545,621	11,932,157
Commitments in currency swap contracts	7,828,801	6,957,407
Commitments in valuable paper trading contracts	1,079,433	2,570,924
Other commitments	8,637,387	2,403,826

41. RISK-FREE TRUST AND AGENCY ACTIVITIES

	<u>31/12/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Trusted fund from organisations	6,005,694	3,354,343
	<u>6,005,694</u>	<u>3,354,343</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

42. RELATED PARTY TRANSACTIONS AND BALANCES

Significant transactions with related parties during the year ended 31 December 2013:

Related party	Relationship	Transactions	2013
			million VND
The State Bank of Vietnam	Direct owner	Decrease in deposits with related party	(2,074,217)
The State Bank of Vietnam	Direct owner	Decrease in borrowings from related party	(2,470,787)
Vietinbank Leasing Company Ltd.	Subsidiary	Decrease in deposits from related party	(3,792)
Vietinbank Leasing Company Ltd.	Subsidiary	Increase in loans to related party	154,750
Vietinbank Securities Joint Stock Company	Subsidiary	Decrease in deposits from related party	(218,737)
Vietinbank Debt Management and Asset Exploitation Company Ltd.	Subsidiary	Increase in deposits from related party	45,333
Vietinbank Insurance Company Ltd.	Subsidiary	Decrease in deposits from related party	(192,366)
Vietinbank Fund Management Company Ltd.	Subsidiary	Increase in deposits from related party	125,964
Vietinbank Gold and Jewellery Trading Company Ltd.	Subsidiary	Increase in deposits from related party	27,698
Vietinbank Global Money Transfer Company Ltd.	Subsidiary	Increase in deposits from related party	726
Indovina Bank Ltd.	Joint venture	Increase in deposits and loans to related party	700,000
Indovina Bank Ltd.	Joint venture	Increase in deposits from related party	46,254
Vietinbank Aviva Life Insurance Company Ltd.	Joint venture	Decrease in deposits from related party	(348,125)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

42. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Significant balances with related parties as at 31 December 2013 are as follows:

Related party	Relationship	Transactions	Receivables million VND	Payables million VND
The State Bank of Vietnam	Direct owner	Demand deposits and compulsory reserves	10,158,657	-
The State Bank of Vietnam	Direct owner	Borrowings	-	147,215
Vietinbank Leasing Company Ltd.	Subsidiary	Deposits and loans	471,470	431
Vietinbank Securities Joint Stock	Subsidiary	Deposits	-	476,931
Vietinbank Debt Management and Asset Exploitation Company Ltd.	Subsidiary	Deposits	-	75,726
Vietinbank Insurance Company Ltd.	Subsidiary	Deposits and margin deposits	-	269,904
Vietinbank Fund Management Company Ltd.	Subsidiary	Deposits	-	324,121
Vietinbank Gold and Jewellery Trading Company Ltd.	Subsidiary	Deposits	-	271,179
Vietinbank Global Money Transfer Company Ltd.	Subsidiary	Deposits	-	67,518
Indovina Bank Ltd.	Joint venture	Deposits and loans	2,700,000	4,604,214
Vietinbank Aviva Life Insurance Company Ltd.	Joint venture	Deposits	-	20,207

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

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

As at 31 December 2013:

	Total loan balance	Total placements (assets)	Total deposits (liabilities)	Credit commitments	Derivatives (total transaction value in contracts)	Trading and investment securities (Difference between debit - credit)
	million VND	million VND	million VND	million VND	million VND	million VND
Domestic	387,554,183	63,081,631	395,626,944	15,424,460	164,334	82,694,775
Overseas	1,435,240	6,295,830	815,142	32,867,996	-	-
	388,989,423	69,377,461	396,442,086	48,292,456	164,334	82,694,775

44. FINANCIAL INSTRUMENTS

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

As Circular 210 only regulates the presentation and disclosure of financial instruments, the following terms under Circular 210 are adopted for Note 44 of the separate financial statements. Assets and liabilities of the Bank are recognised in accordance with Vietnamese Accounting Standards, Accounting Regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting.

Financial assets

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

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

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

44. FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

• *Held-to-maturity investments:*

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

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

• *Loans and receivables:*

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

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

• *Available-for-sale financial assets:*

Available-for-sale financial assets are 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 designated as at fair value through profit or loss.

Financial liabilities

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



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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44. FINANCIAL INSTRUMENTS (Continued)

Financial liabilities (Continued)

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

- *Financial liabilities at fair value through profit or loss:*
 - a) A financial liability must meet either of the following conditions:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for the derivative that is a financial guarantee contract or effective hedging instrument).
 - b) Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.
- *Financial liabilities at amortised cost:*

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

Offsetting financial assets and financial liabilities

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

The risk management policy related to financial instruments

Under the guidance of the State Bank on enhancing the role of risk management in credit institutions, the Bank continues implementing risk management policies for its entire business.

In 2013, the Bank has officially established Risk Management Division towards the risk management activities in accordance with Basel II. Model of risk management related to financial instruments is associated with the modern risk management model of the Bank. This model based on the "3 stages of control" includes: (i) the business units in Round 1 acts as a unit directly and fully responsible for risk identification, assessment, control and mitigation; (ii) Round 2 is the Risk Management Department with responsibility to establish the policies, principles, rules, control limit and independently supervise the risk management; (iii) Round 3 is the Internal Audit Department with the responsibility to ensure the rationality and effectiveness of the risk management at Round 1 and Round 2. All financial instruments are reviewed, assessed for all related risks before implementation, to ensure that the Bank can effectively control risks related to financial instruments.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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44. FINANCIAL INSTRUMENTS (Continued)

To manage risk related to financial instruments, the Bank has issued regulations, procedures, detailed guidance and internal indicators and limitation to control risk as well as to ensure compliance with regulations of the State Bank of Vietnam and meet requirements on risk management in accordance with Basel II. Accordingly, risks related to financial instruments are strictly managed as follows:

For credit and investment risk: Regulations on credit limit applied to each financial institution which is the Bank's partner are issued by the Bank and are regularly reviewed by an independent department.

For the liquidity risk and market risk: The Bank monitors and evaluates: (i) the differences in maturity term for assets and liabilities management activities to identify, measure, analyse and report about the liquidity and interest risks, (ii) market risk (exchange rate, gold price, etc.) of the system; establishes regulations and procedures related to business activities on Trading Book, ensuring the principle of segregation of duty, management and control of market risk and operational risk throughout front office to back office. In 2013, the Bank applied the supporting software in its business activities, risk management as well as recording financial product to accounting books.

Along with setting up the departments in charge of risk management and risk management policies relating to financial instruments, the Bank also coordinates with partners in the information technology and telecommunication sector to build an integrated system of risk management tools to support the risk management operation in protecting customers, suppliers and therefore, to enhance the sustainable development of the Bank.

The policies on currency risk, interest rate risk, credit risk and liquidity risk are analysed in details in Notes 45, 46, 47 and 48.

Determination of fair value of financial instruments

The Bank uses the method and assumptions to estimate fair value as following: Fair value of cash and short-term deposits is measured at the carrying value of the items because these are short-term instruments.

The Bank's financial instruments are detailed as follows:

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44. FINANCIAL INSTRUMENTS (Continued)

	Carrying value (Excluding provision)		Fair value	
	31/12/2013 million VND	31/12/2012 million VND	31/12/2013 million VND	31/12/2012 million VND
Financial assets				
Cash on hand, gold and gemstones	2,829,149	2,504,522	2,829,149	2,504,522
Balances with the State Bank of Vietnam	10,158,657	12,232,874	10,158,657	12,232,874
Placements with and loans to other credit institutions	73,351,528	57,959,325	(*)	(*)
Trading securities - Debt securities	633,425	-	(*)	(*)
Derivative financial instruments and other financial assets	164,334	74,451	(*)	(*)
Loans to customers	374,856,699	331,935,534	(*)	(*)
Investment securities - Equity securities with market price reference	145,023	145,023	51,222	76,636
Investment securities - Equity securities without market price reference	18,028	16,888	(*)	(*)
Investment securities - Debt securities	81,898,299	72,370,404	(*)	(*)
Other long-term investments	321,108	327,109	(*)	(*)
Other receivables	530,120	515,276	(*)	(*)
Interest and fee receivables	9,933,252	7,826,510	(*)	(*)
Other assets	123,935	123,935	(*)	(*)
	554,963,557	486,031,851		
Financial liabilities				
Borrowings from the Government and the SBV	147,371	2,785,374	(*)	(*)
Deposits and borrowings from other credit institutions	80,465,180	96,625,124	(*)	(*)
Deposits from customers	364,575,676	289,597,481	(*)	(*)
Grants, trusted funds and borrowings at risk of the credit institution	33,760,361	34,273,726	(*)	(*)
Valuable papers issued	16,564,766	28,669,229	(*)	(*)
Accrued fee and interest expenses	4,288,543	3,597,721	(*)	(*)
Other payables and liabilities	19,648,498	10,823,854	(*)	(*)
	519,450,395	466,372,509		

(*) The Bank has not determined fair value of financial assets and financial liabilities as at 31 December 2013 since Vietnamese Accounting Standards as well as prevailing regulations have not had specific guidance on the fair value determination of such items.

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44. FINANCIAL INSTRUMENTS (Continued)

Classification of financial assets as at 31 December 2013:

	Financial assets				Total million VND
	Held-for-trading million VND	Held-to-maturity million VND	Loans and receivables million VND	Available-for-sale million VND	
Cash on hand, gold and gemstones	2,829,149	-	-	-	2,829,149
Balances with the State Bank of Vietnam	10,158,657	-	-	-	10,158,657
Placements with and loans to other credit institutions	-	-	73,351,528	-	73,351,528
Trading securities	633,425	-	-	-	633,425
Derivative financial instruments and other financial assets	164,334	-	-	-	164,334
Loans to customers	-	-	374,856,699	-	374,856,699
Investment securities	-	2,586,748	-	79,474,602	82,061,350
Long-term investments	-	-	-	321,108	321,108
Other receivables	-	-	530,120	-	530,120
Interest and fee receivables	-	-	9,933,252	-	9,933,252
Other assets	-	-	123,935	-	123,935
	13,785,565	2,586,748	458,795,534	79,795,710	554,963,557

Classification of financial liabilities as at 31 December 2013

Except for derivative financial instruments recognized as the Bank's liabilities and measured at fair value, all other financial liabilities of the Bank as at 31 December 2013 are classified as financial liabilities measured at amortised cost.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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45. CURRENCY RISK

Currency risk is the risk that values of financial instruments will be affected by the changes in foreign exchange rate.

The Bank was incorporated and operates in Vietnam and its reporting currency is Vietnam dong (VND), while part of the Bank's asset-equity is in foreign currencies (USD, EUR, etc.). Thus, currency risk may arise.

The Bank is exposed to the following risks:

- Currency risks in foreign currency trading
- Currency risks in fund mobilisation and lending
- Currency risks in investments

The economic situation and macroeconomic policies during the year which had significant effects on the Bank's operations:

In 2013, to stabilise the exchange rates, the State Bank of Vietnam (SBV) remained a number of measures such as putting restrictions on the types of entities eligible to borrow foreign currencies and reducing the interest rate cap of USD deposits to 0.25% per annum for enterprises and 1.25% per annum for individuals. The SBV continued to take measures to keep the stability of the foreign exchange market and made timely intervention where the unusual fluctuation arose. Thanks to the SBV's positive measures, the foreign exchange market in 2013 was kept fairly stable. On 28 June 2013, the SBV adjusted the interbank exchange rate from USD/VND 20,828 to USD/VND 21,036 to support export activities. The average interest rate of the market decreased therefore, the Bank enhanced utilising USD foreign currency funds from international market through international refinancing and capital raising channels. The Bank has used these funds to finance projects/production and business plans in Vietnam, contributing to the economy's growth.

To prevent the risk of exchange rate fluctuations, the Bank has applied the following synchronous measures:

Based on actual data, the growth demand of affiliates and business orientation, Treasury and Financial Planning Department analyses and projects cash inflows and outflows and proposes fund planning projection for each currency unit (in VND, USD, and EUR equivalent) to the Bank's management, and the department in charge to ensure safety and effectiveness of the whole system based on actual cash flows. All foreign currency loans are financed through mobilised funds in the same currency, thus no currency risk arises in lending and mobilisation activities.

For investment activities:

The Bank faces currency risk with regards to its investment in Indovina Bank Ltd. and the investment in the establishment of new branches in Germany and Laos. Currency risk for these investments is closely monitored by the Bank through the analysis and forecast of changes in exchange rates of these currencies against VND.

For foreign currency trading activities:

Regulations on currency position for each currency unit and stop-loss limits in foreign exchange trading are developed by the Market Risk Management Department at the Head Office and approved by the General Director, which are within the Bank's risk tolerance. The market risk limits are controlled and executed by the Treasury Dealing Department at the Head Office and independently supervised and reported by the Market Risk Management Department. The currency position is managed on a daily basis and hedging strategies are used to ensure that the currency position is maintained within established

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

45. CURRENCY RISK (Continued)

Carrying amounts of assets and liabilities denominated in foreign currencies as at 31 December 2013 are as follows:

ITEMS	EUR equivalent		USD equivalent		VND		Other currencies		Total
	million VND	million VND	million VND	million VND	million VND	million VND	equivalent million VND		
Assets									
Cash, gold and gemstones	78,418	404,919	2,332,771	13,041	2,829,149				
Balances with the State Bank of Vietnam	-	2,772,333	7,386,324	-	10,158,657				
Placements with and loans to other credit institutions (*)	169,739	20,195,619	52,755,926	230,244	73,351,528				
Trading securities (*)	-	-	633,425	-	633,425				
Derivative financial instruments and other financial assets	164,334	-	-	-	164,334				
Loans to customers (*)	1,631,115	66,091,944	307,133,640	-	374,856,699				
Investment securities (*)	-	-	82,061,350	-	82,061,350				
Long-term investments (*)	-	1,688,788	4,038,340	-	5,727,128				
Fixed assets	-	-	7,055,526	-	7,055,526				
Other assets (*)	806,547	1,790,755	20,409,469	-	23,006,771				
Total assets	2,850,153	92,944,358	483,806,771	243,285	579,844,567				
Liabilities and owners' equity									
Borrowings from the Government and the SBV	-	24,965	122,406	-	147,371				
Deposits and borrowings from other credit institutions	434,184	37,672,676	42,358,320	-	80,465,180				
Deposits from customers	6,882,467	29,623,258	327,930,364	139,587	364,575,676				
Grants, trusted funds and borrowings at risk of the credit institution	268,837	5,076,277	28,415,247	-	33,760,361				
Valuable papers issued	-	6,060,847	10,503,919	-	16,564,766				
Other liabilities (*)	81,508	1,137,924	25,824,440	8,472	27,052,344				
Capital and reserves	-	-	53,294,196	-	53,294,196				
Total liabilities and owners' equity	7,666,996	79,595,947	488,448,892	148,059	575,859,894				
Balance sheet currency position	(4,816,843)	13,348,411	(4,642,121)	95,226	3,984,673				

(*) Excluding risk provision.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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46. INTEREST RATE RISK

Interest rate risk is the possibility of the Bank's income or asset value being affected when market interest rate fluctuates.

Interest rate risk to the Bank possibly derives from investment activities and fund mobilisation and lending activities.

The effective interest rate re-pricing term of assets and liabilities is the remaining period from the date of financial statements to the nearest interest rate re-pricing date. The following assumptions and conditions have been adopted in the analysis of effective interest rate re-pricing term of the Bank' assets and liabilities:

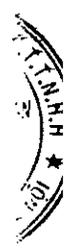
- Cash, gold and gemstones, long-term investments and other assets (fixed assets, investment properties and other assets) are classified as non-interest-bearing items;
- Balances with the SBV are considered settlement deposits, thus the effective interest rate re-pricing term is assumed to be within one month;
- The effective interest rate re-pricing term of trading securities is determined based on the contractual re-pricing term or the re-pricing term in accordance with the regulation on the maximum holding period of the Bank, whichever comes earlier;
- The effective interest rate re-pricing term of placements with and loans to other credit institutions; investment securities; loans to customers; borrowings from the Government and the SBV; deposits and borrowings from other credit institutions; deposits from customers, valuable papers issued, grants, trusted fund and borrowing at risk of the credit institution are determined as follows:
 - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined from the balance sheet date to maturity date;
 - Items with floating interest rate: the effective interest rate re-pricing term is determined from the balance sheet date to the nearest interest rate re-pricing date.

The Bank's interest rate risk policies

For inter-bank lending (short-term activities), investment interest rate is based on the fluctuation of the market and the Bank's funding cost. The inter-bank loans usually have short terms (less than 3 months).

The Bank forecasts fluctuation of the market interest rate and its fund balancing ability in order to make appropriate investment decisions. In case that the interest rates are forecasted to decline, the Bank will focus on long-term investments to increase profitability. Conversely, if interest rates are forecasted to have increasing trend, the Bank will increase short-term investments.

For fund mobilisation: interest rate for fund mobilisation is determined based on the market price, business orientation of the Bank' management, the Bank's fund balance and regulations of the State Bank of Vietnam. Fund is mobilised mainly with short interest rate re-pricing term.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

46. INTEREST RATE RISK (Continued)

The Bank's interest rate risk policies (Continued)

For lending activities: The Bank determines lending interest rate based on the funding cost, management expenses, risk considerations, collateral value and market interest rate to ensure competitiveness as well as the efficiency. The Head Office regulates the lending interest rate floor for each period; branches can themselves decide lending interest rates for each period based on credit risk analysis and assessment provided that the rates are not less than the regulated floor rate and annual budgeted profit is assured. Besides, due to the fact that capital structure focuses on the funds with short interest rate re-pricing term, the Bank requires that all loans must be at the floating interest rate, adjusted every one to three months.

Interest rate risk management

The Bank manages interest rate risk at 2 levels: transaction level and portfolio level, of which the former is more focused.

Interest rate risk management at portfolio level

- The Bank has been implementing the completed systems of the rules, regulations and procedures of interest rate management in the Bank in accordance with international rules and Basel II regulations; implementing interest rate management under "3 control stages" rule.
- In 2013, the Bank completed the design, officially applied and continuously upgraded the software system of Assets-Liabilities Management (ALM), which runs to the transaction level under international practices, automatically providing reports of term differences, revaluation under nominal term and behaviour, scenarios analysis reports on interest rate increase/decrease situation, etc. in order to facilitate the Bank's interest rate management activities.
- Re-pricing terms of all loans are required to be adjusted based on the re-pricing terms of funds mobilised and are controlled within established limits by the Bank.

Interest Rate Management at transaction level

- All credit contracts are required to include terms relating to interest rate risk prevention to ensure that the Bank can hold initiative in coping with fluctuations of the market, lending interest rate must reflect the Bank's actual funding cost;
- Management through the Fund Transfer Pricing (FTP) system: Since 02 April 2011, the Bank has implemented the internal fund transfer pricing system - FTP following term-matching principle for every single transaction in line with international practices. In 2013, the Bank completed stage 2 of FTP system, which enhanced the Bank's capital and interest management; the Bank also completed stage 2 of ALM system project of managing assets-liabilities for creating standardised data source and effective measures and control for the Bank's capital and interest management. Depending on the orientation of the Bank and the market movements, the Head Office can change the fund price for each type of customers or products, etc. to give signals for the business units to determine their lending/fund mobilisation rates.

With the experience and sensitivity in managing, the Bank has been cautiously, flexibly in managing the deposit and loan interest rate mechanism to ensure the safety and effectiveness of the business operation. As shown in the interest rate re-pricing gap report, the majority of interest bearing assets of the Bank has re-pricing term within 6 months, which is in line with the re-pricing structure of the mobilised funds that have short interest rate re-pricing term.

Interest rate sensitivity

Since Circular 210 does not provide specific guidance on implementation of interest rate sensitivity analysis, the Bank has not disclosed such information herein.



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46. INTEREST RATE RISK (Continued)

	Overdue		Current					Total			
	Non - interest bearing	million VND	Over 3 months	Within 3 months	Within 1 month	From 1 to 3 months	From 3 to 6 months		From 6 to 12 months	From 1 to 5 years	Over 5 years
			million VND	million VND	million VND	million VND	million VND		million VND	million VND	million VND
Assets											
Cash, gold and gemstones	2,829,149	-	-	-	-	-	-	-	-	2,829,149	
Balances with the State Bank of Vietnam	-	-	-	10,158,657	-	-	-	-	-	10,158,657	
Placements with and loans to other credit institutions (*)	-	-	-	49,879,039	16,137,336	5,134,607	2,200,546	-	-	73,351,528	
Trading securities (*)	-	-	-	633,425	-	-	-	-	-	633,425	
Derivatives financial instruments and other financial assets	-	-	-	164,334	-	-	-	-	-	164,334	
Loans to customers (*)	-	3,738,553	2,528,801	256,681,584	62,660,189	40,544,828	4,394,251	3,412,650	895,843	374,856,699	
Investment securities (*)	163,051	-	-	1,188,735	6,564,908	6,246,663	4,103,067	59,425,057	4,369,869	82,061,350	
Long-term investments (*)	5,727,128	-	-	-	-	-	-	-	-	5,727,128	
Fixed assets	7,055,526	-	-	-	-	-	-	-	-	7,055,526	
Other assets (*)	23,006,771	-	-	-	-	-	-	-	-	23,006,771	
Total assets	38,781,625	3,738,553	2,528,801	318,705,774	85,362,433	51,926,098	10,697,864	62,837,707	5,265,712	579,844,567	
Liabilities											
Borrowings from the Government and the SBV	-	-	-	156	-	127,514	-	-	19,701	147,371	
Deposits and borrowings from other credit institutions	-	-	-	42,199,324	22,241,051	8,897,594	3,908,630	3,218,581	-	80,465,180	
Deposits from customers	-	-	-	211,453,616	75,227,312	21,874,580	19,562,534	36,457,634	-	364,575,676	
Grants, trusted funds and borrowings at risk of the credit institution	-	-	-	6,752,072	13,968,817	6,752,072	3,038,433	3,248,967	-	33,760,361	
Valuable papers issued	-	-	-	5,311,366	844,074	158,193	6,606,885	3,644,248	-	16,564,766	
Other liabilities (*)	27,052,344	-	-	-	-	-	-	-	-	27,052,344	
Total liabilities	27,052,344	-	-	265,716,534	112,281,254	37,809,953	33,116,482	46,569,430	19,701	522,565,698	
Balance sheet net interest gap	11,729,281	3,738,553	2,528,801	52,989,240	(26,918,821)	14,116,145	(22,418,618)	16,268,277	5,246,011	57,278,869	

(*) Excluding risk provision.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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47. CREDIT RISK

Credit risk is the risk that results in the Bank's loss because its customers or counterparties default on their contractual obligations or fail to fulfil their committed obligations.

Tools that the Bank uses to manage credit risk include:

For credit activities: The Bank manages and controls credit risk by setting credit limits for each counterparty and geographical and industrial concentration, 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 solvency of counterparties based on the qualitative and quantitative factors. Credit limits are established for each counterparty based on its risk rating assigned by the credit rating system. Risk rating is subject to regular assessment.

For investment activities/interbank lending activities: The Bank controls and manages risks by setting the interbank and investment limit for each specific counterparty based on the analysis and assessment of the counterparty's risks. These limits are set by the Financial Institution Committee and executed by the Treasury Dealing Department.

Financial assets overdue but not impaired

The Bank's overdue financial assets that are not impaired include overdue loans with no provision required under Vietnamese Accounting Standards, Accounting Regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. The aging of such financial assets as at 31 December 2013 is presented below:

	Overdue			
	Within 90 days	91-180 days	181-360 days	Over 360 days
	million VND	million VND	million VND	million VND
Loans to customers	58,940	38,195	23,623	1,180,743

The Bank is currently holding collaterals in the forms of real estate, movable assets, valuable papers and others in kind for the above financial assets. However, the Bank has not been able to determine the fair value of such assets due to the lack of specific guidance and necessary market information. For the purpose of determining whether the assets are impaired and any provision is needed in accordance with VAS, these assets' values are measured in accordance with Decision 493 and Decision 18.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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48. LIQUIDITY RISK

Liquidity risk is defined as the risk that results in the Bank's difficulty in meeting obligations associated with its financial liabilities. Liquidity risk arises because the Bank might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances or when the Bank has to mobilise funds at a higher cost to meet its payment obligations.

The Bank had issued regulations and procedures on the liquidity management which establishes rules of managing the liquidity gap through maturity, liquidity risk ratios, designs stress test scenarios and backup plan to proactively handle measures in facing with the market volatility. To minimise this risk, management plans to diversify its funding sources and also develops fund management report system to calculate liquidity position on a daily basis as well as prepares analysis and forecast report on future liquidity position on a regular basis.

On a monthly basis, at ALCO Committee meeting, fund balance and liquidity of the Bank is one of the key contents to be discussed. Based on analysis and evaluation, ALCO Committee makes recommendations to the Board of Directors and the Board of Management to best remain the Bank's solvency in a safety and effective way.

In addition, the Bank also maintains a list of secondary liquid assets such as government bonds, which may be sold or under repurchased contracts with the State Bank. It is not only the secondary reserve in liquidity stress circumstances (if any) but also the profitable investments, providing funds for key national projects. The maturity of assets and liabilities represents the remaining time to the contractual maturity date from the balance sheet date until the payment date regulated in the contract or terms of issuance.

The following assumptions and conditions have been adopted in the analysis of the Bank's maturity relating to its assets and liabilities:

- Balance with the State Bank of Vietnam is considered current including the compulsory reserve, which is determined upon the composition and maturity of the Bank's customer deposits.
- The maturity term of investment securities is based on the contractual maturity date.
- The maturity date of trading securities is based on contractual maturity date or the maturity date in accordance with the regulation on the maximum holding period of the Bank, whichever comes earlier.
- The maturity term of deposits with and loans to other credit institutions and loans to customers is based on the contractual maturity date. The actual due date may be different from contractual term when the contract is extended.
- The maturity term of equity investment is considered to be over five years as equity investments have indefinite maturity.
- The maturity term of deposits, loans from other credit institutions is based on the contractual maturity date.
- The maturity term of deposits from customers are determined based on the customer behaviour analysis and the forecast on interest rate policy and other macro economics factors.
- Vostro accounts and current accounts paid upon customers' demand are considered to be current.

Based on the approved annual business plan of the management, the Treasury and Financial Planning Department together with some other departments do analysis and makes forecasts of cash inflows and outflows of the system according to the approved plans; and also based on the actual daily fluctuations of fund mobilisation and utilisation, the Bank makes decisions on the management of capital adequacy.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

48. LIQUIDITY RISK (Continued)

Based on the projection of capital adequacy, the Treasury Dealing Department creates the Bank's liquidity buffer through purchasing highly liquid valuable papers, which could be converted into cash on the secondary market. The Treasury Dealing Department may decide to sell valuable papers to the SBV in the open market, or to borrow to replenish working capital's deficiency to ensure liquidity position of the whole system.

Based on the SBV's regulations, the Treasury and Financial Planning Department in cooperation with the Treasury Dealing Department proposes available fund management plan in order to assure that the actual average balance of deposits in VND and foreign currencies at the SBV is not less than the required level of compulsory reserve. Besides, the Bank also establishes credit limit with other banks and other credit institutions for mutual support when needed. The Market Risk Management Department acts as an independent supervisor to ensure that the liquidity risks are managed and complied with the regulations and procedures on the liquidity management of the Bank.

The process of capital adequacy of the Bank is performed in the INCAS, the interbank payment program CITAD. On the basis of centralised payment at the Head Office, the Bank actively performs liquidity risk management on a daily basis. Currently, the Bank is promptly completing and developing the procedures as well as applying and upgrading software for risk management in accordance with international standards.

The data in the Liquidity Risk Report as at 31 December 2013 shows that the Bank's funds are fairly plentiful with terms ranging from 1 to 12 months. The longer-term funds are quite limited; however, they have been improved significantly compared to 2012. This is a common situation of commercial banks in Vietnam. In fact, the Bank still maintains an appropriate rate of short-term funds utilisation for medium and long-term loans within the limit set by the State Bank.

The Bank's liquidity risk management activities are monitored closely in compliance with the regulations of the State Bank and the Bank's criteria for internal liquidity management for each major currency unit (such as VND, USD, EUR) on deposits and loans portfolios.

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

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

Separate financial statements
For the year ended 31 December 2013

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

48. LIQUIDITY RISK (Continued)

	Overdue		Current				Total million VND
	Over 3 months	Within 3 months	Within 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	
	million VND	million VND	million VND	million VND	million VND	million VND	
Assets							
Cash, gold and gemstones	-	-	2,829,149	-	-	-	2,829,149
Balances with the State Bank of Vietnam	-	-	10,158,657	-	-	-	10,158,657
Placements with and loans to other credit institutions (*)	-	-	49,879,039	16,137,336	7,335,153	-	73,351,528
Trading securities (*)	-	-	633,425	-	-	-	633,425
Derivative financial instruments and other financial assets	-	-	164,334	-	-	-	164,334
Loans to customers (*)	3,738,553	2,528,801	36,858,934	110,576,804	158,493,419	51,602,508	374,856,699
Investment securities (*)	-	-	1,188,735	6,564,908	10,349,731	59,425,057	82,061,350
Long-term investments (*)	-	-	-	-	-	-	5,727,128
Fixed assets	-	-	-	-	-	-	7,055,526
Other assets (*)	-	-	-	-	99,320	-	23,006,771
Total assets	3,738,553	2,528,801	101,712,273	133,279,048	176,277,623	111,027,565	579,844,567
Liabilities							
Borrowings from the Government and the SBV	-	-	156	-	127,514	-	19,701
Deposits and borrowings from other credit institutions	-	-	40,232,919	24,139,357	12,069,678	4,023,226	80,465,180
Deposits from customers	-	-	102,080,716	91,144,083	134,893,244	36,457,633	364,575,676
Grants, trusted funds and borrowings at risk of the credit institution	-	-	5,728,490	14,067,593	9,773,829	1,560,949	33,760,361
Valuable papers issued	-	-	1,007,923	893,226	11,019,369	3,644,248	16,564,766
Other liabilities (*)	-	-	3,370,531	6,180,811	13,462,309	4,038,693	27,052,344
Total liabilities	-	-	152,420,735	136,425,070	181,345,943	49,724,749	522,565,698
Net liquidity difference	3,738,553	2,528,801	(50,708,462)	(3,146,022)	(5,068,320)	61,302,816	57,278,869

(*) Excluding risk provision.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

49. CAPITAL AND OPERATING LEASE COMMITMENTS

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Capital commitments: office construction, and equipment acquisition	766,245	849,206
Irrevocable operating lease commitments	<u>439,973</u>	<u>908,051</u>
Of which:		
- Within 1 year	84,097	191,054
- From 2 years to 5 years	235,640	313,957
- Over 5 years	120,236	403,040

50. CONTINGENT LIABILITIES

The People's Court of Ho Chi Minh city prosecuted and sentenced the Bank's former employees of Ho Chi Minh City branch and Nha Be branch of the Bank (including Huynh Thi Huyen Nhu) for alleged misappropriation of assets by means of fraudulence and other charges in the first instance criminal court. In terms of civil responsibilities, Huynh Thi Huyen Nhu was ordered to pay compensation to the defrauded organisations and individuals victims and the Bank neither has compensation obligation, jointly liable nor incurs any financial loss with regards to the illegal actions of these individuals mentioned above. Currently, the judgment is being appealed against in the first instance by some of litigating participants. According to the code of criminal legislation and criminal procedure code, the appeal court shall be conducted if the judgment of the first instance court is appealed. Therefore, in this case, the legal responsibilities and obligations of related parties will be determined only when the appeal court has been completed with an effective judgement. However, based on the result of reconciliation, review and examination procedures conducted up to the date of these separate financial statements, the Bank's management believes that the Bank neither is jointly liable for nor incurs any financial loss with regards to the illegal actions of the above-mentioned individuals.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

51. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AT THE END OF THE FINANCIAL YEAR

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
USD	21,036	20,828
EUR	28,937	27,450
GBP	34,756	33,532
CHF	23,618	22,749
JPY	199.76	241.39
SGD	16,623	16,967
CAD	19,745	20,849
AUD	18,754	21,575
NZD	17,257	17,079
THB	631.40	678.61
SEK	3,279	3,193
NOK	3,457	3,722
DKK	3,880	3,680
HKD	2,712	2,676
CNY	3,468	3,322
KRW	19.92	19.37
LAK	2.62	2.58
MYR	6,416	Non-applicable

52. SUBSEQUENT EVENTS

Except for the event stated in Note 50, no other event has occurred after the balance sheet date that may have material effects on the Bank's separate financial statements.

53. COMPARATIVE FIGURES

Comparative figures are those in the audited separate financial statements for the year ended 31 December 2012.

Preparer



Ha Quang Vu
Head of Financial Accounting
Management Department

Approver



Nguyen Hai Hung
Chief Accountant

Approver



Nguyen Van Du
Deputy General Director

20 March 2014
