

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

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED SEPARATE
FINANCIAL STATEMENTS**

For the period from 01 January 2013 to 30 June 2013

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

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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 period from 01 January 2013 to 30 June 2013.

BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Bank who held office during the period 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. Vo Minh Tuan	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. Nguyen Hai Hung	Chief Accountant

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 period 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.

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY (Continued)

The Board of Management of the Bank is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the 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 regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Management,



Nguyen Van Thang
General Director

Hanoi, 27 August 2013

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No.: 381 /VNIA-HN-BC

REVIEW REPORT ON THE SEPARATE FINANCIAL STATEMENTS

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

We have reviewed the accompanying balance sheet as at 30 June 2013, the related statements of income and cash flows for the period from 01 January 2013 to 30 June 2013, and the notes thereto (collectively referred to as the "separate financial statements") of Vietnam Joint Stock Commercial Bank for Industry and Trade (the "Bank") prepared on 27 August 2013, as set out from page 4 to page 67. The preparation of these separate financial statements is the responsibility of the Bank's management. Our responsibility is to issue a report on these separate financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing No. 910 - Engagements to review financial statements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the separate financial statements are free of material misstatements. A review is limited primarily to inquiries of the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate financial statements do not give a true and fair view of, in all material respects, the financial position of the Bank as at 30 June 2013 and the results of its operations and its cash flows for the period from 01 January 2013 to 30 June 2013 in accordance with Vietnamese Accounting Standards, Accounting Regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting.

Without qualifying our opinion, we would like to draw attention to Note 46 of the Notes to the separate financial statements "Contingent liabilities". Currently, investigation agencies are prosecuting former employees of Ho Chi Minh City branch and Nha Be branch of the Bank for alleged misappropriation of assets by means of fraudulence and other charges. According to the code of criminal legislation and criminal procedure code, for cases under prosecution and investigation, the legal responsibilities and obligation of related parties will be determined only when the trial has been completed with an effective judgment. However, based on results of reconciliation, review and investigation procedures that have been taken up to the date of this report, the Bank's management believes that the Bank neither is jointly liable for nor incur any financial loss that regards to the illegal actions of these 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**

27 August 2013
Hanoi, S.R. Vietnam

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

BALANCE SHEET
As at 30 June 2013

FORM B 02/TCTD
Unit: Million VND

NO. ITEMS	Notes	30/6/2013	31/12/2012
A. ASSETS			
I. Cash, gold and gemstones	5	3,225,758	2,504,522
II. Balances with the State Bank of Vietnam ("SBV")	6	21,350,584	12,232,874
III. Placements with and loans to other credit institutions	7	61,790,162	57,776,378
1. Placements with other credit institutions		18,353,839	21,400,102
2. Loans to other credit institutions		43,764,557	36,559,223
3. Provisions for credit losses of loans to other credit institutions		(328,234)	(182,947)
IV. Derivative financial instruments and other financial assets	8	-	74,451
V. Loans to customers		327,945,644	328,294,608
1. Loans to customers	9	333,248,342	331,935,534
2. Provisions for credit losses of loans to customers	10	(5,302,698)	(3,640,926)
VI. Investment securities		76,145,031	72,419,108
1. Available-for-sale investment securities	11	74,081,950	70,132,315
2. Held-to-maturity investment securities	11	2,200,000	2,400,000
3. Provisions for impairment of investment securities	12	(136,919)	(113,207)
VII. Long-term investments	13	5,339,422	5,345,575
1. Investments in subsidiaries		3,227,232	3,227,232
2. Investments in joint-ventures		1,792,058	1,792,058
3. Other long-term investments		322,248	327,109
4. Provisions for impairment of long-term investments		(2,116)	(824)
VIII. Fixed assets		5,345,948	5,252,374
1. Tangible fixed assets	14	2,916,112	2,951,373
a. Cost		6,369,372	6,618,985
b. Accumulated depreciation		(3,453,260)	(3,667,612)
2. Finance lease assets		-	-
a. Cost		-	49
b. Accumulated depreciation		-	(49)
3. Intangible assets	15	2,429,836	2,301,001
a. Cost		2,810,303	2,629,558
b. Accumulated amortisation		(380,467)	(328,557)
IX. Other assets		20,812,937	19,292,803
1. Other receivables	16	9,803,774	9,343,716
2. Interest and fee receivables		8,286,497	7,826,510
3. Other assets	17	2,722,666	2,122,577
TOTAL ASSETS		521,955,486	503,192,693

The notes set out from pages 9 to 67 are an integral part of these separate financial statements

BALANCE SHEET (Continued)
As at 30 June 2013

FORM B 02/TCTD
Unit: Million VND

NO. ITEMS	Notes	30/6/2013	31/12/2012
B. LIABILITIES AND OWNERS' EQUITY			
I. Borrowings from the Government and the SBV	18	256,228	2,785,374
II. Deposits and borrowings from other credit institutions	19	80,744,902	96,625,124
1. Deposits from other credit institutions		15,788,828	19,983,733
2. Borrowings from other credit institutions		64,956,074	76,641,391
III. Deposits from customers	20	307,531,692	289,597,481
IV. Derivative financial instruments and other financial liabilities	8	30,353	-
V. Grants, trusted funds and borrowings at risk of the credit institution	21	29,544,160	34,273,726
VI. Valuable papers issued	22	28,820,524	28,669,229
VII. Other liabilities	23	27,898,248	18,471,977
1. Accrued fee and interest expenses		5,104,687	3,597,721
2. Other payables and liabilities		22,355,503	14,464,423
3. Other provisions	10	438,058	409,833
TOTAL LIABILITIES		474,826,107	470,422,911
VIII. Capital and reserves	25	47,129,379	32,769,782
1. Charter capital		41,631,600	26,218,304
a. Charter capital		32,661,443	26,217,545
b. Share premium		8,970,157	759
2. Reserves		2,371,898	2,371,898
3. Retained earnings		3,125,881	4,179,580
TOTAL LIABILITIES AND OWNERS' EQUITY		521,955,486	503,192,693

OFF - BALANCE - SHEET ITEMS

NO. ITEMS	Notes	30/6/2013	31/12/2012
I. Contingent liabilities	38	51,359,194	43,848,065
1. Loan guarantees		172,968	195,797
2. L/C guarantees		34,249,031	27,284,378
3. Other guarantees		16,937,195	16,367,890
II. Commitments	38	10,816,203	11,932,157
1. Other commitments		10,816,203	11,932,157

Preparer

Approver





Ha Quang Vu
Head of Financial Accounting
Management Department

Nguyen Hai Hung
Chief Accountant

Nguyen Van Du
Deputy General Director

27 August 2013

The notes set out from pages 9 to 67 are an integral part of these separate financial statements

INCOME STATEMENT

For the period from 01 January 2013 to 30 June 2013

FORM B 03/TCTD

Unit: Million VND

NO. ITEMS	Notes	From 01/01/2013	From 01/01/2012
		to 30/6/2013	to 30/6/2012
1. Interest and similar income	26	22,761,833	27,261,926
2. Interest and similar expenses	27	(13,687,546)	(18,426,359)
I. Net interest income		9,074,287	8,835,567
3. Income from services		868,315	788,468
4. Expenses on services		(261,717)	(229,768)
II. Net profit from services	28	606,598	558,700
III. Net gain from trading foreign currencies	29	69,685	187,559
IV. Net loss from trading securities		34	-
V. Net gain from trading investment securities	30	93,950	48,678
5. Other operating income		614,344	552,109
6. Other operating expenses		(193,330)	(26,134)
VI. Net profit from other activities	31	421,014	525,975
VII. Income from capital contribution, equity	32	290,093	221,881
VIII. Operating expenses	33	(4,573,993)	(5,297,300)
IX. Net profit from operating activities before credit provision expenses		5,981,668	5,081,060
X. Provision expenses for credit losses	34	(1,835,284)	(2,299,124)
XI. Profit before tax		4,146,384	2,781,936
7. Current corporate income tax expenses	35	(976,290)	(640,014)
XII. Corporate income tax expenses	35	(976,290)	(640,014)
XIII. Profit after tax		3,170,094	2,141,922

Preparer

Approver



Ha Quang Vu
Head of Financial Accounting
Management Department

27 August 2013



Nguyen Hai Hung
Chief Accountant



Nguyen Van Du
Deputy General Director

CASH FLOW STATEMENT
For the period from 01 January 2013 to 30 June 2013

FORM B 04/TCTD
Unit: Million VND

NO. ITEMS	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
CASH FLOWS FROM OPERATING ACTIVITIES		
01. Interest and similar income	22,284,443	27,464,766
02. Interest and similar expenses	(12,180,580)	(19,866,448)
03. Income from services	606,598	558,700
04. Net cash from dealing in foreign currencies, gold and trading securities	270,845	214,440
05. Other (expenses)/income	(56,448)	7,255
06. Receipts from debts written-off or paid off by risk fund	477,462	518,720
07. Payments to employees and for operating management	(4,984,689)	(4,290,546)
08. Corporate income tax paid	(790,417)	(1,122,925)
Net cash from operating profit before movements in assets and working capital	5,627,214	3,483,962
<i>Movement in operating assets</i>	<i>(15,486,807)</i>	<i>15,418,528</i>
09. (Increase)/Decrease in deposits at and loans to other credit institutions	(6,270,344)	2,463,456
10. (Increase)/Decrease in trading securities	(7,477,635)	3,694,893
11. Decrease/(Increase) in derivatives and other financial assets	74,451	(10,711)
12. (Increase)/Decrease in loans to customers	(1,312,808)	9,072,320
13. Decrease in provisions for losses	-	824
14. (Increase)/Decrease in other operating assets	(500,471)	197,746
<i>Movement in operating liabilities</i>	<i>(1,007,546)</i>	<i>(56,433,935)</i>
15. (Decrease) in borrowings from the Government and the State Bank of Vietnam	(2,529,146)	(26,865,839)
16. (Decrease) in deposits and borrowings from other credit institutions	(15,880,222)	(30,554,894)
17. Increase/(Decrease) in deposits from customers (including State Treasury)	17,934,211	(2,333,706)
18. Increase in valuable papers (excluding issued valuable papers charged into financial activities)	151,295	3,133,948
19. (Decrease)/Increase in grants, trusted funds and borrowings at risk of the credit institution	(4,729,566)	513,397
20. Increase in derivatives and other financial liabilities	30,353	-
21. Increase in other operating liabilities	4,015,529	552,234
22. Cash outflows from reserves of the credit institution	-	(879,075)
I. Net cash used in operating activities	(10,867,139)	(37,531,445)
CASH FLOWS FROM INVESTING ACTIVITIES		
01. Acquisition of fixed assets	(572,240)	(3,050,470)
02. Proceeds from sales, disposal of fixed assets	1,982	2,903
03. Expenses on sales, disposal of fixed assets	(4,014)	(76)
04. Investments in other entities	(139)	(50,000)
05. Proceeds from investments in other entities	5,000	-
06. Dividends and profit received from long-term investments and capital contribution	22,927	221,881
II. Net cash used in investing activities	(546,484)	(2,875,762)

The notes set out from pages 9 to 67 are an integral part of these separate financial statements

CASH FLOW STATEMENT (Continued)
 For the period from 01 January 2013 to 30 June 2013

FORM B 04/TCTD
 Unit: Million VND

NO. ITEMS	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
CASH FLOWS FROM FINANCING ACTIVITIES		
01. Increase in share capital from issuing stocks	15,413,296	-
02. Dividends paid	-	(79)
III. Net cash from/(used in) financing activities	15,413,296	(79)
IV. Net increase/(decrease) in cash	3,999,673	(40,407,286)
V. Cash and cash equivalents at the beginning of the period	59,182,485	74,011,470
VI. Cash and cash equivalents at the end of the period (Note 36)	63,182,158	33,604,184

In the period, the Bank declared the dividend 2012 of VND 4,194,807 million. As at 30 June 2013, this amount had not been paid to the shareholders. Consequently, changes in other operating liabilities has been adjusted by the same amount.

Preparer

Approver

Approver





Ha Quang Vu
 Head of Financial Accounting
 Management Department

Nguyen Hai Hung
 Chief Accountant

Nguyen Van Du
 Deputy General Director

27 August 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, the 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 Certificate of Business Registration No. 0103038874 dated 03 July 2009 issued by Hanoi Planning and Investment Department. The Bank successfully raised capital in 2013 and on 14 May 2013, Hanoi Planning and Investment Department issued the eighth 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; conducting foreign exchange transactions, international trade financial services, discounting of commercial papers, bonds and other valuable papers, and providing other banking services allowed by the SBV.

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.

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

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.

Accordingly, as at 30 June 2013, the Bank's charter capital is VND 32,661,443 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 30 June 2013, the Bank has one (1) Head Office, one (1) Operation Center, four (4) administrative units, two (2) local representative offices, one (1) overseas representative office in Myanmar and one hundred and fifty one (151) branches (including 3 overseas branches - 2 branches in Germany and 1 branch in Laos).

Subsidiaries

As at 30 June 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 30 June 2013 is 19,024 (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 on 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 25.

Financial year

The Bank's financial year begins on 01 January and ends on 31 December. These separate financial statements are prepared for the period from 01 January 2013 to 30 June 2013.

3. ADOPTION OF NEW GUIDANCE

3.1. Adopted new 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 6-month period ended 30 June 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. The Board of Management of the Bank is considering the extent of impact of adopting the Circular on the Bank's separate financial statements for future accounting periods.

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 ("Circular 228") 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 shall be effective starting from 26 July 2013. The Board of Management of the Bank is considering the extent of impact of adopting the Circular 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 in accordance 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 accounting period. Although these accounting estimates are based on the management's best knowledge, actual results could differ from those estimates.

Cash and cash equivalents

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

Loans 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 2001 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 State Bank of Vietnam on classification of debts 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 June 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

Investment in securities

Held-to-maturity securities

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

Held-to-maturity investment securities are initially recognised at par value as at the transaction date, accumulative interest income before the purchasing date (for debt securities with interest payment in arrears) or interest income received upfront (for debt securities with interest payment in advance) are recorded in a 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.

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)

Held-to-maturity securities (Continued)

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 payment 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 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 securities

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

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

Available-for-sale debt securities are initially recognised at par value as at the transaction date. Accumulative interest income before the purchasing date (for debt securities with interest payment in arrears) or interest income received upfront (for debt securities with interest payment in advance) 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 payment 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 separate income statement using the straight-line method over the investment period.

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 securities (Continued)

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 accounting period 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 accounting period, 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 trading 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 the cost of which provisions have been made 100%) 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 part of the recovery of the investments and are deducted from the value of the investments.

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 parts of the recovery of investments that are deducted from the value of the investments.

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)

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 dated 07 December 2009 issued by the Ministry of Finance. Accordingly, provision to be made 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.

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.

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)

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 (Years)</u>
Buildings and structures	05 - 40
Machinery and equipment	03 - 07
Motor vehicles	06 - 07
Others	04 - 25

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between proceeds from sales or disposals of assets and their residual values together with their disposal expenses and 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 is amortised using the straight-line method over the period of 05 years; other intangible fixed assets are amortised using the straight-line method over the period from 03 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 is the difference between proceeds from sales or disposals of assets and their residual values together with disposal expense and 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 period 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 states the amount which has been prepaid to lease the office. Prepaid expense for office rental is amortised to the income statement using the straight-line method over the rental period.

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

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 period.

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)

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

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

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

Capital and reserves

Common stocks

Common stocks are classified as owners' equity.

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.

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

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 charged into operating expenses and the Bank shall track as off-balance sheet items to urge the collection of those loans. When collected, interests are recorded as income from operating activities.

The accrued interest income arising from the loans that is classified from either group 2 to group 5 according to the criteria set out in Decision 493, Decision 18 and Decision 780 during the period is not recognised in the income statement for the period. 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.

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 are translated into VND at the rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into VND using the exchange rate ruling as at the balance sheet date (see list of exchange rate of applicable foreign currencies against VND as at 30 June 2013 in Note 47). Unrealised foreign exchange differences arising from the translation of monetary assets and liabilities nominated in foreign currencies as at the balance sheet date are 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)

Provisions

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. 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 period. 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 periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant 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 unless the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

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

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

The determination of the tax currently payable 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.

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)

Employee benefits

Post-employment benefits

When retiring, employees of the Bank are entitled to receive post-employment benefits from the Social Insurance and a 2-month salary equalling the average monthly salary of the most recent 6 months before 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 basic salary for each year of employment and a half of the basic salary for each month of early retirement period (maximum of 24 months). The amounts are recorded in the Bank's provision for severance allowance.

Resignation allowance

Resigned employees of the Bank are entitled to receive one-half month's salary and allowances (if any) for each year of employment until 31 December 2008.

Unemployment allowance

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

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 instruments and other financial assets" when it is positive, or as "Derivative instruments and other financial liabilities" when it is negative. The difference is subsequently amortised in the income statement as "Net gain/(loss) from trading foreign currencies" using the straight-line method over the term of the contracts for currency swap contracts and recorded in the foreign exchange reserves in the balance sheet and then transferred to income statement as at the balance sheet date for forward contracts. As at the balance sheet date, commitments of currency forward, swap and future contracts are re-measured using the official inter-bank exchange rate announced by the State Bank of Vietnam. Gain or loss from revaluation is recorded in "Net gain/loss from trading foreign currencies".

Currency option contracts

Commitment amount for the currency option contracts is not recognised in the 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".

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)

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.

5. CASH, GOLD AND GEMSTONES

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Cash in VND	2,551,848	1,986,891
Cash in foreign currencies	667,348	516,662
Valuable papers in foreign currencies	792	969
Other precious metals and gemstone	5,770	-
	<u>3,225,758</u>	<u>2,504,522</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

6. BALANCES WITH THE STATE BANK OF VIETNAM

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Current account at the State Bank of Vietnam in VND	18,792,009	10,045,199
Current account at the State Bank of Vietnam in foreign currencies	2,558,575	2,187,675
	<u>21,350,584</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/QĐ-NHNN dated 24 February 2009, Decision No. 1925/QĐ-NHNN dated 26 August 2011 and Decision No. 1972/QĐ-NHNN dated 31 August 2011:

Compulsory reserve balances for VND deposits applicable to credit institutions as at 30 June 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 30 June 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>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Placements with other credit institutions		
Demand deposits	10,417,841	14,470,805
- In VND	5,447,990	4,663,378
- In foreign currencies	4,969,851	9,807,427
Term deposits	7,935,998	6,929,297
- In VND	4,533,900	4,899,900
- In foreign currencies	3,402,098	2,029,397
	<u>18,353,839</u>	<u>21,400,102</u>
Loans to other credit institutions		
Loans in VND	34,616,871	28,371,720
Loans in gold and foreign currencies	9,147,686	8,187,503
Provisions for credit losses of loans to other credit institutions	(328,234)	(182,947)
	<u>43,436,323</u>	<u>36,376,276</u>
	<u>61,790,162</u>	<u>57,776,378</u>

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 30/6/2013		
Currency derivative financial instruments	-	30,353
Forward contracts	-	38,721
Swap contracts	-	(8,368)
As at 31/12/2012		
Currency derivative financial instruments	74,451	-
Forward contracts	60,108	-
Swap contracts	14,343	-

9. LOANS TO CUSTOMERS

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Loans to local business entities and individuals	330,532,539	329,347,874
Discounting promissory notes and valuable papers	347,679	310,324
Payments made on behalf of customers	89,612	55,999
Loans by grants, investment trusts	1,476,391	1,636,760
Loans to foreign organisations and individuals	802,120	584,576
Frozen loans and loans pending for resolution	1	1
	<u>333,248,342</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>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Current loans	323,773,398	325,990,347
Special-mentioned loans	2,218,067	1,100,327
Sub-standard loans	1,853,042	971,437
Doubtful loans	1,270,488	1,775,159
Loss loans	4,133,347	2,098,264
	<u>333,248,342</u>	<u>331,935,534</u>

Analysis of loan balances by terms

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Short-term loans	198,033,870	200,363,021
Medium-term loans	32,494,557	33,089,834
Long-term loans	102,719,915	98,482,679
	<u>333,248,342</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>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
State-owned enterprises	32,892,518	34,374,823
State-owned one-member limited enterprises	53,372,493	48,853,083
Two or more member limited liability enterprises with more than 50% of the State's share holding	2,221,468	2,291,578
Other limited companies	62,154,774	61,122,359
Joint stock companies with more than 50% of the State's share-holding	27,081,717	28,279,319
Other joint stock companies	83,017,350	84,505,376
Partnership companies	4,484	8,566
Private companies	11,617,298	12,147,146
Foreign invested enterprises	9,517,669	8,570,719
Cooperatives, cooperative unions	1,754,167	1,621,853
Household businesses, individuals	49,343,875	49,724,817
Administrative units, the Party, unions and associations	208,474	368,854
Others	62,055	67,041
	<u>333,248,342</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>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Agriculture, forestry and aquaculture	9,386,595	8,300,259
Mining and quarrying	25,916,200	25,180,279
Manufacturing and processing	107,408,042	104,816,309
Electricity, fuel gas and hot water	22,895,202	22,748,003
Water supplying, garbage and sewage treatment and management	597,377	514,328
Construction	22,902,662	22,538,634
Wholesale and retail trade, repair of motor vehicles, motor cycles	94,382,036	97,084,077
Transport, warehouse	8,123,107	9,435,154
Hospitality services	2,879,531	2,291,084
Information and communications	1,760,291	1,755,920
Real estate	23,118,635	26,057,257
Science and technology	297,372	108,598
Administrative activities and supporting service	336,194	314,794
Education and training	624,401	968,304
Health care and social work	2,102,150	2,089,217
Other service activities	6,664,390	4,586,074
Households	3,680,157	3,071,071
Others	174,000	76,172
	<u>333,248,342</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>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Provisions for credit losses of loans to customers	5,302,698	3,640,926
Provision for off-balance sheet commitments (see Note 23)	438,058	409,833
	<u>5,740,756</u>	<u>4,050,759</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

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 period from 01 January 2013 to 30 June 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 period (Note 34)	178,408	1,483,364	1,661,772
As at 30/6/2013	<u>2,467,430</u>	<u>2,835,268</u>	<u>5,302,698</u>

The Bank classifies the loans under Article 6 of Decision 493, Decision 18 and Decision 780 and other related regulations of competent state authorities. Provision for credit losses as at 30 June 2013 is made based on the loan classification result as at 30 June 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 period from 01 January 2012 to 30 June 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 period (Note 34)	49,231	2,213,893	2,263,124
As at 30/6/2012	<u>2,104,418</u>	<u>3,152,827</u>	<u>5,257,245</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

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 from 01 January 2013 to 30 June 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 period (Note 34)	53,156	(24,931)	28,225
As at 30/6/2013	<u>384,599</u>	<u>53,459</u>	<u>438,058</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 30 June 2013 is made based on the classification of off-balance sheet commitments as at 30 June 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 period from 01 January 2012 to 30 June 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 period (Note 34)	17,815	28,458	46,273
As at 30/6/2012	<u>385,327</u>	<u>96,757</u>	<u>482,084</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

11. INVESTMENT SECURITIES

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Available-for-sale investment securities	74,081,950	70,132,315
Debt securities	73,920,039	69,970,404
Government bonds	46,383,512	44,518,303
Debt securities issued by other local credit institutions	3,464,357	2,565,070
Debt securities issued by local business entities	24,072,170	22,887,031
Equity securities	161,911	161,911
Equity securities issued by other local credit institutions	16,888	16,888
Equity securities issued by local business entities	145,023	145,023
Provisions for impairment of available-for-sale investment securities	(136,919)	(113,207)
	<u>73,945,031</u>	<u>70,019,108</u>
Held-to-maturity investment securities	2,200,000	2,400,000
Government bonds	2,200,000	2,200,000
Debt securities issued by local business entities	-	200,000
Provisions for impairment of held-to-maturity investment securities	-	-
	<u>2,200,000</u>	<u>2,400,000</u>
	<u>76,145,031</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

12. PROVISION FOR IMPAIRMENT OF INVESTMENT SECURITIES

	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 period	23,712	-	23,712
As at 30/6/2013	<u>136,919</u>	<u>-</u>	<u>136,919</u>

13. LONG-TERM INVESTMENTS

	30/6/2013	31/12/2012
	million VND	million VND
Investment in subsidiaries	3,227,232	3,227,232
Investments in joint ventures	1,792,058	1,792,058
Other long-term investments	322,248	327,109
Provision for impairment of long-term investments	(2,116)	(824)
	<u>5,339,422</u>	<u>5,345,575</u>

13.1 Investment in subsidiaries

	Investment value as at 30/6/2013	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.	30,000	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>3,227,232</u>	<u>3,227,232</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 period from 01 January 2013
to 30 June 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

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13. LONG-TERM INVESTMENTS (Continued)

13.2 Investment in joint ventures

Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power %	Investment value as at 30/6/2013 million VND	Investment value as at 31/12/2012 million VND	Principal activities
Indovina Bank Ltd. 46-48-50 Pham Hong Thai, District 1, Ho Chi Minh City	50	50	1,392,058	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
			1,792,058	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 for the operating period of 20 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 30 June 2013, Indovina Bank Ltd.'s charter capital was USD 165,000,000.

- 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)

FORM B 05/TCTD

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

14. TANGIBLE FIXED ASSETS

The movement of tangible fixed assets for the period from 01 January 2013 to 30 June 2013 is as follows:

	Buildings, 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 period	338,107	61,833	15,892	1,845	417,677
Transfer from construction in progress	49,615	2,309	-	-	51,924
Other additions	7,338	4,570	3,621	378	15,907
Disposals	(5,900)	(6,772)	(4,211)	(139)	(17,022)
Reclassification (*)	-	(683,626)	(671)	(28,044)	(712,341)
Other decreases	(120)	(4,939)	(508)	(191)	(5,758)
As at 30/6/2013	2,335,446	3,171,721	734,234	127,971	6,369,372
Accumulated depreciation					
As at 01/01/2013	565,326	2,614,120	397,522	90,644	3,667,612
Depreciation charged for the period	78,739	226,416	45,843	10,224	361,222
Other additions	8,549	2,973	544	38	12,104
Disposals	(1,790)	(6,721)	(3,611)	(139)	(12,261)
Reclassification (*)	-	(551,912)	(629)	(18,501)	(571,042)
Other decreases	(246)	(2,902)	(1,160)	(67)	(4,375)
As at 30/6/2013	650,578	2,281,974	438,509	82,199	3,453,260
Net book value					
As at 30/6/2013	1,684,868	889,747	295,725	45,772	2,916,112
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 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.

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

14. TANGIBLE FIXED ASSETS (Continued)

The movement of tangible fixed assets for the period from 01 January 2012 to 30 June 2012 is as follows:

	Buildings, 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 period	53,443	81,666	22,623	4,142	161,874
Transfer from construction in progress	2,034	231	-	-	2,265
Other additions	1,156	29,754	410	104	31,424
Disposals	(1,294)	(12,394)	(5,816)	(923)	(20,427)
Other decreases	(9,129)	167,349	(698)	(167,940)	(10,418)
Reclassification	(162)	-	(173)	-	(335)
As at 30/6/2012	1,337,808	3,519,502	668,365	126,187	5,651,862
Accumulated depreciation					
As at 01/01/2012	461,027	1,990,910	334,257	176,979	2,963,173
Depreciation charged for the period	35,464	281,697	30,988	22,838	370,987
Other additions	10,127	20,004	-	194	30,325
Disposals	(123)	(7,433)	(1,787)	(2,000)	(11,343)
Reclassification	367	78,240	(580)	(79,986)	(1,959)
Other decreases	-	-	(1,454)	(37,099)	(38,553)
As at 30/6/2012	506,862	2,363,418	361,424	80,926	3,312,630
Net book value					
As at 30/6/2012	830,946	1,156,084	306,941	45,261	2,339,232
As at 31/12/2011	830,733	1,261,986	317,762	113,825	2,524,306

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

15. INTANGIBLE ASSETS

The movement of intangible assets for the period from 01 January 2013 to 30 June 2013 is as follows:

	Land-use rights	Computer software	Total
	million VND	million VND	million VND
Cost			
As at 01/01/2013	2,217,170	412,388	2,629,558
Acquisitions during the period	68,673	113,882	182,555
Other additions	7,491	-	7,491
Reclassification (*)	(5,587)	(3,714)	(9,301)
Other decreases	-	-	-
As at 30/6/2013	2,287,747	522,556	2,810,303
Accumulated amortisation			
As at 01/01/2013	63,341	265,216	328,557
Amortisation charged for the period	13,449	41,892	55,341
Other additions	955	-	955
Reclassification (*)	-	(3,456)	(3,456)
Other decreases	-	(930)	(930)
As at 30/6/2013	77,745	302,722	380,467
Net book value			
As at 30/6/2013	2,210,002	219,834	2,429,836
As at 31/12/2012	2,153,829	147,172	2,301,001

(*) Reclassification reflects the value of the 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.

The movement of intangible fixed assets for the period from 01 January 2012 to 30 June 2012 is as follows:

	Land-use rights	Computer software	Total
	million VND	million VND	million VND
Cost			
As at 01/01/2012	1,115,044	314,681	1,429,725
Acquisitions during the period	351,910	24,646	376,556
Other additions	11,846	37,273	49,119
Disposals	-	(441)	(441)
Reclassification	1,456	8,962	10,418
Other decreases	(1,412)	(32,680)	(34,092)
As at 30/6/2012	1,478,844	352,441	1,831,285
Accumulated amortisation			
As at 01/01/2012	62,419	176,084	238,503
Amortisation charged for the period	8,878	29,178	38,056
Other additions	-	27,066	27,066
Disposals	-	(73)	(73)
Reclassification	79	1,880	1,959
Other decreases	(27,116)	-	(27,116)
As at 30/6/2012	44,260	234,135	278,395
Net book value			
As at 30/6/2012	1,434,584	118,306	1,552,890
As at 31/12/2011	1,052,625	138,597	1,191,222

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

16. OTHER RECEIVABLES

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Construction in progress	2,706,098	2,265,616
Purchases and major repair of fixed assets	4,080,507	4,547,567
External receivables	2,755,996	2,413,719
Internal receivables	261,173	116,814
	<u>9,803,774</u>	<u>9,343,716</u>

Construction in progress

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Construction in the Northern area	2,058,315	1,641,185
Construction in the Central area	181,652	191,226
Construction in the Southern area	466,131	433,205
	<u>2,706,098</u>	<u>2,265,616</u>

17. OTHER ASSETS

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Materials and tools	82,892	85,616
Prepaid expenses (*)	2,513,993	1,913,026
Other assets	125,781	123,935
	<u>2,722,666</u>	<u>2,122,577</u>

(*) Prepaid expenses mainly include those of the head office and other offices rental of the Bank, the credit limit arrangement expense 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

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

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

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Borrowings for grants to SOEs	12,472	12,472
Discounting and rediscounting valuable papers	-	2,570,924
Other borrowings	29,958	34,606
Current accounts held by the State Treasury	213,798	167,372
	<u>256,228</u>	<u>2,785,374</u>

19. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Demand deposits, gold from other credit institutions	7,287,246	9,086,668
- In VND	2,376,139	1,090,027
- In gold and foreign currencies	4,911,107	7,996,641
Term deposits, gold from other credit institutions	8,501,582	10,897,065
- In VND	3,482,289	9,261,157
- In gold and foreign currencies	5,019,293	1,635,908
Borrowings from other credit institutions	64,956,074	76,641,391
- In VND	35,700,000	38,675,000
- In gold and foreign currencies	29,256,074	37,966,391
	<u>80,744,902</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

20. DEPOSITS FROM CUSTOMERS

Analysis by type of deposits

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Demand deposits, gold	47,444,912	53,518,942
- Demand deposits in VND	37,842,991	44,502,873
- Demand deposits in gold, foreign currencies	9,601,921	9,016,069
Term deposits, gold	250,046,735	226,356,297
- Term deposits in VND	230,435,287	207,599,363
- Term deposits in gold, foreign currencies	19,611,448	18,756,934
Deposits for specific purpose	2,841,130	2,111,658
- Deposits for specific purpose in VND	765,549	763,849
- Deposits for specific purpose in foreign currencies	2,075,581	1,347,809
Margin deposits	7,198,915	7,610,584
- Margin deposits in VND	5,982,270	6,218,931
- Margin deposits in gold, foreign currencies	1,216,645	1,391,653
	<u>307,531,692</u>	<u>289,597,481</u>

Analysis by type of customers and type of business entity

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
State-owned enterprises	38,845,830	39,432,783
State-owned one-member limited enterprises	38,406,356	31,881,548
Two or more member limited liability enterprises with more than 50% of the State's share holding	749,775	922,024
Other limited companies	7,862,474	9,211,523
Joint stock companies with more than 50% of the State's share-holding	15,099,231	16,583,939
Other joint stock companies	8,748,131	12,355,622
Partnership companies	1,145,123	1,042,527
Private companies	693,397	927,206
Foreign invested enterprises	9,937,986	7,976,787
Cooperatives, cooperative unions	359,205	309,644
Household businesses, individuals	165,076,373	149,658,551
Administrative units, the Party, unions and associations	6,416,486	5,471,288
Others	14,191,325	13,824,039
	<u>307,531,692</u>	<u>289,597,481</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

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

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Funds received from other organisations and individuals in VND	20,914,318	27,727,461
Funds received from other organisations and individuals in foreign currencies	2,501,284	1,817,902
Funds received from international organisations in VND	1,135,213	1,121,151
Funds received from international organisations in foreign currencies	4,993,345	3,607,212
	<u>29,544,160</u>	<u>34,273,726</u>

22. VALUABLE PAPERS

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Valuable papers in VND	22,702,349	22,586,071
Valuable papers in foreign currencies	6,118,175	6,083,158
	<u>28,820,524</u>	<u>28,669,229</u>

Details of valuable papers by term:

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Certificate of deposit		
Term under 12 months	10,735,944	9,622,900
Term from 12 months to under 5 years	12,863,681	13,727,281
Term of 5 years and above	-	-
Bills		
Term under 12 months	2,834	2,968
Bonds		
Term from 12 months to under 5 years	5,218,065	5,161,280
Other valuable papers		
Term under 12 months	-	154,800
	<u>28,820,524</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

23. OTHER LIABILITIES

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Interest and fees payable	5,104,687	3,597,721
Internal payables	2,023,195	3,009,706
External payables	20,332,308	11,454,717
Provisions for commitments (see Note 10)	438,058	409,833
	<u>27,898,248</u>	<u>18,471,977</u>

23.1 Details of internal payables

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Payables to employees	1,423,156	1,772,474
Payables relating to bonus and welfare funds	470,661	1,069,110
Others	129,378	168,122
	<u>2,023,195</u>	<u>3,009,706</u>

23.2 Details of external payables

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Payments/receipts on behalf of other institutions	13,888,189	9,481,078
Amount due to customers and deferred payment	123,761	614,806
Corporate income tax payables	689,295	506,230
Other pending payments	774,057	493,046
Other taxes payable	67,324	65,675
Payables for insurance of deposits	65,000	58,958
Payables to the SBV from recovery of written-off bad debts	55,198	44,814
Payables relating to trade financing activities	34,572	11,382
Money transfer payables	73,115	32,221
Dividends of 2012	4,194,807	-
Other payables	366,990	146,507
	<u>20,332,308</u>	<u>11,454,717</u>

24. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	<u>Opening balance</u>	<u>Movement during the period</u>		<u>Closing balance</u>
		<u>Payables</u>	<u>Paid</u>	
	million VND	million VND	million VND	million VND
Value added tax	(86,497)	52,268	56,491	(90,720)
Corporate income tax	506,230	973,482	790,417	689,295
Other taxes	53,947	289,664	288,441	55,170
	<u>473,680</u>	<u>1,315,414</u>	<u>1,135,349</u>	<u>653,745</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

25. 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 and share premium	6,443,898	8,969,398	-	-	-	15,413,296
Profit for the period	-	-	-	-	3,170,094	3,170,094
Dividends of 2012 declared	-	-	-	-	(4,194,807)	(4,194,807)
Others	-	-	-	-	(28,986)	(28,986)
As at 30/06/2013	32,661,443	8,970,157	1,645,811	726,087	3,125,881	47,129,379

As at 31 December 2012, the Bank temporarily made appropriation to reserves and profit distribution based on the operating result of 2012. The Resolution of the Annual Shareholders' Meeting on 13 April 2013 had approved the temporarily appropriated amount and dividend declaration with the amount of VND 4,195 billion.

As at 27 December 2012, the Bank joined 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 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 is VND 32,661,443 million.

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

25. CAPITAL AND RESERVES (Continued)

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

	30/6/2013		31/12/2012	
	Total shares (units)	Ordinary shares (million VND)	Total shares (units)	Ordinary shares (million VND)
Capital of the Government	2,105,442,944	21,054,429	2,105,442,944	21,054,429
Contributed capital (shareholders, members)	1,160,701,404	11,607,014	516,311,593	5,163,116
Share premium	non-applicable	8,970,157	non-applicable	759
	3,266,144,348	41,631,600	2,621,754,537	26,218,304

Details of the Bank's shares are as follows:

	30/6/2013	31/12/2012
	Unit	Unit
Number of registered shares for issue	3,266,144,348	2,621,754,537
Number of shares in circulation	3,266,144,348	2,621,754,537
- Ordinary shares	3,266,144,348	2,621,754,537
- Preferred shares	-	-
Nominal value of shares (VND)	10,000	10,000

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

26. INTEREST AND SIMILAR INCOME

	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
	million VND	million VND
Interest from deposits	350,956	1,232,217
Interest from loans to customers	18,008,610	21,568,542
Interest from debt securities	4,400,723	4,458,233
Other income from credit activities	1,544	2,934
	22,761,833	27,261,926

27. INTEREST AND SIMILAR EXPENSES

	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
	million VND	million VND
Interest expense on deposits	10,470,850	14,186,254
Interest expense on borrowings	2,051,179	3,427,297
Interest expense on valuable papers issued	1,163,708	804,241
Expenses on other credit activities	1,809	8,567
	13,687,546	18,426,359

28. NET GAIN FROM SERVICES

	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012 (*)
	million VND	million VND
Income from services	868,315	788,468
- Income from remittance services	455,254	388,910
- Income from treasury and guarantee services	164,878	177,327
- Income from trust and agency services	7,969	6,222
- Others	240,214	216,009
Expense on services	261,717	229,768
- Expense on remittance services	35,142	35,333
- Expense on trust and agency services	1,218	1,616
- Expense on treasury services	75,580	68,157
- Others	149,777	124,662
Net gain from services	606,598	558,700

(*) Some certain reclassification was made to enhance the comparability.

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

29. NET GAIN FROM TRADING FOREIGN CURRENCIES

	From 01/01/2013 to 30/6/2013 million VND	From 01/01/2012 to 30/6/2012 million VND
Income from trading foreign currencies	414,249	273,210
- Income from trading foreign currencies	311,707	233,613
- Income from trading gold	197	-
- Income from trading derivative financial instruments	102,345	39,597
Expenses for trading foreign currencies	344,564	85,651
- Expenses from trading foreign currencies	113,435	59,676
- Expenses from trading gold	114	-
- Expenses from trading derivative financial instruments	231,015	25,975
Net gain from trading foreign currencies	69,685	187,559

30. NET GAIN FROM TRADING INVESTMENT SECURITIES

	From 01/01/2013 to 30/6/2013 million VND	From 01/01/2012 to 30/6/2012 million VND
Income from trading investment securities	117,662	48,678
Provision (charged) for impairment of investment securities	(23,712)	-
Net gain from trading investment securities	93,950	48,678

31. NET PROFIT FROM OTHER ACTIVITIES

	From 01/01/2013 to 30/6/2013 million VND	From 01/01/2012 to 30/6/2012 million VND
Other operating income	614,344	552,109
Income from recovery of bad debts	477,462	518,720
Income from disposals of assets	1,982	2,903
Income from commodities derivatives	90,062	1,936
Other income	44,838	28,550
Other operating expense	193,330	26,134
Expense from commodities derivatives	97,858	8,254
Other expenses	95,472	17,880
Net profit from other activities	421,014	525,975

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

32. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS

	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
	million VND	million VND
Dividends income from capital contribution and shares purchases	127,067	48,869
- from investment equity securities	1,475	2,349
- from capital contribution, long-term investments	125,592	46,520
Profit transferred from subsidiaries	163,026	173,012
	290,093	221,881

33. OPERATING EXPENSES

	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012 (*)
	million VND	million VND
Taxes, fees and charges	25,106	42,151
Staff cost		
- Salaries and allowances	2,048,113	1,619,137
- Salary-based expenses	78,834	83,439
- Other benefits	51,621	5,991
- Social activities expense	745	832
- Other expenses	68,090	88,976
Expenses for fixed assets		
- Depreciation and amortisation expenses	416,563	409,043
- Others	360,615	633,827
Expenses for operating management		
- Per diem	53,487	46,881
- Expenses for union activities	8,653	4,256
- Others	1,331,751	1,735,005
Insurance premium for customers' deposits	129,123	99,938
Other provision expenses	1,292	527,824
	4,573,993	5,297,300

(*) Some certain reclassification was made to enhance the comparability.

34. PROVISION EXPENSES FOR CREDIT LOSSES

	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
	million VND	million VND
Provision expense for credit losses of loans to credit institutions	145,287	(10,273)
Provision expense for credit losses of loans to customers (Note 10)	1,661,772	2,263,124
Provision expense for off-balance sheet commitments (Note 10)	28,225	46,273
	1,835,284	2,299,124

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

35. CORPORATE INCOME TAX EXPENSE

	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
	million VND	million VND
Profit before corporate income tax	4,146,384	2,781,936
<i>Adjustments for:</i>		
- Non-taxable dividend income and profits received	(290,093)	(221,881)
- Others	48,869	-
Taxable profit	3,905,160	2,560,055
Corporate income tax rate	25%	25%
Current corporate income tax expense	976,290	640,014

36. CASH AND CASH EQUIVALENTS

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

	30/6/2013	31/12/2012
	million VND	million VND
Cash, gold and gemstones (*)	3,225,758	2,504,522
Balances with the State Bank of Vietnam (*)	21,350,584	12,232,874
Current deposits at other credit institutions (*)	10,417,841	14,470,805
Deposits at and loans to other credit institutions with term of less than 3 months	28,187,975	26,246,284
Securities with terms of not exceeding 3 months from the date of purchase	-	3,728,000
	63,182,158	59,182,485

(*) Balance of cash, gold and gemstones, balances with the State Bank of Vietnam and balance of 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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37. COLLATERALS AND MORTGAGES

37.1. Type and value of collaterals and mortgages

	Carrying value (million VND)	
	30/6/2013	31/12/2012
Real estate	386,177,990	379,347,644
Movable assets	29,939,851	30,897,047
Valuable papers	34,662,825	32,691,212
Other assets	168,189,776	154,480,824
	618,970,442	597,416,727

37.2. 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 30 June 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.

38. 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 for 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 perform in accordance with the terms of the contract.

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

Letter of credit (L/C) transaction is a transaction where the Bank issues 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.

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

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

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

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. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Details of contingent liabilities and commitments as at 30 June 2013:

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Contingent liabilities	51,359,194	43,848,065
Financial guarantees	17,110,163	16,563,687
Letters of Credit at sight	18,352,675	19,485,195
Usance Letters of Credit	15,896,356	7,799,183
Commitments	10,816,203	11,932,157
Commitments in currency swap contracts	7,651,391	6,957,407
Commitments in valuable paper trading contracts	450,132	2,570,924
Other commitments	2,714,680	2,403,826

39. RELATED PARTY TRANSACTIONS AND BALANCES

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

List of related parties:

Related party	Relationship
The State Bank of Vietnam	Direct owner
Vietinbank Leasing Company Ltd.	Subsidiary
Vietinbank Securities Joint Stock Company	Subsidiary
Vietinbank Debt Management and Asset Exploitation Company Ltd.	Subsidiary
Vietinbank Insurance Company Ltd.	Subsidiary
Vietinbank Fund Management Company Ltd.	Subsidiary
Vietinbank Gold and Jewellery Trading Company Ltd.	Subsidiary
Vietinbank Global Money Transfer Company Ltd.	Subsidiary
Indovina Bank Ltd.	Joint venture
Vietinbank Aviva Life Insurance Ltd.	Joint venture

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

39. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Significant transactions with related parties during the period from 01 January 2013 to 30 June 2013:

Related party	Transactions	From 01/01/2013 to 30/6/2013 million VND
The State Bank of Vietnam	Decrease deposits with related party	9,117,710
The State Bank of Vietnam	Decrease borrowing from related party	(2,575,572)
Vietinbank Leasing Company Ltd.	Decrease deposits from related party	241
Vietinbank Leasing Company Ltd.	Decrease loan to related party	(105,820)
Vietinbank Securities Joint Stock Company	Decrease deposits from related party	(315,977)
Vietinbank Debt Management and Asset Exploitation Company Ltd.	Decrease deposits from related party	(4,971)
Vietinbank Insurance Company Ltd.	Decrease deposits from related party	(7,575)
Vietinbank Fund Management Company Ltd.	Buy bonds from related party	1,565,685
Vietinbank Fund Management Company Ltd.	Decrease deposits from related party	158,855
Vietinbank Gold and Jewellery Trading Company Ltd.	Decrease deposits from related party	(100,278)
Vietinbank Global Money Transfer Company Ltd.	Increase deposits from related party	3,770
Indovina Bank Ltd.	Increase deposits and loans to related party	500,000
Indovina Bank Ltd.	Decrease deposits with related party	(197,075)
Vietinbank Aviva Life Insurance Ltd.	Decrease deposits from related party	(230,020)

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

39. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Significant balances with related parties as at 30 June 2013 are as follows:

Related party	Transactions	Receivables	Payables
		million VND	million VND
The State Bank of Vietnam	Demand deposits and compulsory reserves	21,350,584	-
The State Bank of Vietnam	Borrowings	-	42,430
Vietinbank Leasing Company Ltd.	Deposits and loans	210,900	4,464
Vietinbank Securities Joint Stock Company	Deposits	-	379,691
Vietinbank Debt Management and Asset Exploitation Company Ltd.	Deposits	-	25,422
Vietinbank Insurance Company Ltd.	Deposits and margin	-	454,695
Vietinbank Fund Management Company Ltd.	Deposits	-	357,012
Vietinbank Gold and Jewellery Trading Company Ltd.	Deposits	-	143,203
Vietinbank Global Money Transfer Company Ltd.	Deposits	-	70,562
Indovina Bank Ltd.	Deposits and loans	2,500,000	4,360,885
Vietinbank Aviva Life Insurance Ltd.	Deposits	-	138,312

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

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

As at 30 June 2013:

	Total placements and loans (assets)	Total borrowings and deposits (liabilities)	Credit commitments	Derivatives (total transaction value in contracts)	Securities trading and investment (Difference between debit - credit)	
	Total loan balance					
	million VND	million VND	million VND	million VND	million VND	
Domestic	376,210,779	34,321,707	322,904,257	15,136,685	30,353	76,281,950
Overseas	802,120	5,382,716	630,061	36,222,509	-	-
	377,012,899	39,704,423	323,534,318	51,359,194	30,353	76,281,950

41. 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 41 in 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, gemstones, balances with the State Bank of Vietnam, placements with and loans to other credit institutions, loans to customers, investment securities, other long-term investments, receivables 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.

41. 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 due to 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;
- 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, customer deposits, 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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These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

41. 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 of 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. Business relating to financial instruments including spot contract, forward contract, loan contract, etc. are diversified and tightly controlled by risk management tools. All businesses are operating under risk assessment in both qualitative and quantitative risk measurement.

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.

The specialised departments operate under the regulations prescribed by the Board of Directors and comply with the principles and procedures promulgated by the General Director, manage risk at all levels of employees and on the overall business. Details for specific department involved in risk management of financial instruments are as follows:

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

41. FINANCIAL INSTRUMENTS (Continued)

The risk management policy related to financial instruments (Continued)

For credit and investment risk: In 2013, the Financial Institution Department is the main division responsible for analysing and recommending credit limits for each financial institution partner. Credit and Investment Risk Management Department reviews the scoring of each financial institution. In the near future, due to changes in the risk management model, Rating & Credit Limit Approval Department will do assessment, rating and approve the credit limit for enterprises and the transaction limit for financial institutions.

For the liquidity risk, market risk, operation risk: Market Risk Management Department is responsible for regularly monitoring and evaluating: (i) the differences in maturity term of 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. Specific regulations and procedures related to foreign currency investment and trading are established to manage risks associated with financial instruments, ensuring the principle of decentralization, control and operation risk management on using financial instruments at Front Office, Middle Office and Back Office. Since February 2013, the Bank has officially operated the Treasury MX.3 system to ensure the strict and timely management of market risk related to the Bank's operations.

The Operation Risk Management Department regularly monitors, assesses, analyses and reports operational risk and market risk in the business processes relating to financial instruments.

For legal risk: The Legal Department is responsible for the management of legality of all activities to minimise the risks in the activities relating to derivative instruments.

The Internal Audit Department inspects the operations of all departments to ensure compliance with the current regulations of the Bank.

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 42, 43, 44 and 45.

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:

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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41. FINANCIAL INSTRUMENTS (Continued)

	Carrying value (Excluding provision)		Fair value	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012
	million VND	million VND	million VND	million VND
Financial assets				
Cash on hand, gold and gemstones	3,225,758	2,504,522	3,225,758	2,504,522
Balances with the State Bank of Vietnam	21,350,584	12,232,874	21,350,584	12,232,874
Placements with and loans to other credit institutions	62,118,396	57,959,325	(*)	(*)
Derivative financial instruments and other financial assets	-	74,451	(*)	(*)
Loans to customers	333,248,342	331,935,534	(*)	(*)
Investment securities - Equity securities with market price reference	145,023	145,023	49,542	76,636
Investment securities - Equity securities without market price reference	16,888	16,888	(*)	(*)
Investment securities - Debt securities	76,120,039	72,370,404	(*)	(*)
Other long-term investments	322,248	327,109	(*)	(*)
Other receivables	761,077	515,276	(*)	(*)
Interest and fee receivables	8,286,497	7,826,510	(*)	(*)
Other assets	125,781	123,935	(*)	(*)
	505,720,633	486,031,851		
Financial liabilities				
Borrowings from the Government and the SBV	256,228	2,785,374	(*)	(*)
Deposits and borrowings from other credit institutions	80,744,902	96,625,124	(*)	(*)
Deposits from customers	307,531,692	289,597,481	(*)	(*)
Derivatives and other financial liabilities	30,353	-	(*)	(*)
Grants, trusted funds and borrowings at risk of the credit institution	29,544,160	34,273,726	(*)	(*)
Valuable papers issued	28,820,524	28,669,229	(*)	(*)
Accrued fee and interest expenses	5,104,687	3,597,721	(*)	(*)
Other payables and liabilities	19,510,689	10,823,854	(*)	(*)
	471,543,235	466,372,509		

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

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

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

Separate financial statements
For the period from 01 January 2013
to 30 June 2013

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TC/TD

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

41. FINANCIAL INSTRUMENTS (Continued)

Classification of financial assets as at 30 June 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	-	-	3,225,758	-	3,225,758
Balances with the State Bank of Vietnam	-	-	21,350,584	-	21,350,584
Placements with and loans to other credit institutions	-	-	62,118,396	-	62,118,396
Loans to customers	-	-	333,248,342	-	333,248,342
Investment securities	-	2,200,000	-	74,081,950	76,281,950
Long-term investments	-	-	-	322,248	322,248
Other receivables	-	-	761,077	-	761,077
Interest and fee receivables	-	-	8,286,497	-	8,286,497
Other assets	-	-	125,781	-	125,781
	-	2,200,000	429,116,435	74,404,198	505,720,633

Classification of financial liabilities as at 30 June 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 30 June 2013 are classified as financial liabilities measured at amortised 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

42. CURRENCY RISK

Currency risk is the risk that values of financial instruments fluctuate due to 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 period which had significant effects on the Bank's operations:

During the period from 01 January 2013 to 30 June 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 regulating the ceiling interest rate of USD deposits at 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 during the period from 01 January 2013 to 30 June 2013 was fairly kept stable. On 28 June 2013, the SBV adjusted the interbank exchange rate from USD/VND 20,828 to USD/VND 21,036 to exactly reflect the currency value. During the period from 01 January 2013 to 30 June 2013, foreign currency credit growth was not high compared to that at the end of 2012, due to the fact that the needs for borrowings of enterprises was not high and the Bank enhanced its control over foreign currency loan balances. In addition, the Bank actively utilised USD foreign currency funds from international markets through international refinancing and capital raising channels. The Bank has used these funds to finance many 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 (including VND, USD, and EUR equivalent) to the Bank's management based on actual cash flows and business orientation to ensure safety and effectiveness of the whole system. 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. The Bank is currently considering plans to use derivatives to hedge currency risks for the three investments.

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 limits.

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

42. CURRENCY RISK (Continued)

Carrying amounts of assets and liabilities denominated in foreign currencies as at 30 June 2013 are as follows:

ITEMS	EUR equivalent	USD equivalent	Gold equivalent	Other currencies	Total
	million VND	million VND	million VND	equivalent million VND	million VND
Assets					
Cash, gold and gemstones	69,167	564,666	2,551,848	40,077	3,225,758
Balances with the State Bank of Vietnam	-	2,558,575	18,792,009	-	21,350,584
Placements with and loans to other credit institutions (*)	201,147	17,129,265	44,598,761	189,223	62,118,396
Loans to customers (*)	1,684,817	64,426,633	267,136,892	-	333,248,342
Investment securities (*)	-	-	76,281,950	-	76,281,950
Long-term investments (*)	-	1,392,058	3,949,480	-	5,341,538
Fixed assets	-	-	5,345,948	-	5,345,948
Other assets (*)	762,325	1,671,963	18,378,649	-	20,812,937
Total assets	2,717,456	87,743,160	437,035,537	229,300	527,725,453
Liabilities and owners' equity					
Borrowings from the Government and the SBV	-	29,958	226,270	-	256,228
Deposits and borrowings from other credit institutions	137,845	39,048,629	41,558,428	-	80,744,902
Deposits from customers	5,846,040	26,631,052	275,026,097	28,503	307,531,692
Derivative financial instruments and other financial liabilities	-	30,353	-	-	30,353
Grants, trusted funds and borrowings at risk of the credit institution	269,198	7,225,431	22,049,531	-	29,544,160
Valuable papers issued	822	6,117,353	22,702,349	-	28,820,524
Other liabilities (*)	91,520	761,299	26,598,837	8,534	27,460,190
Capital and reserves	-	-	47,129,379	-	47,129,379
Total liabilities and owners' equity	6,345,425	79,844,075	435,290,891	37,037	521,517,428
Balance sheet currency position	(3,627,969)	7,899,085	1,744,646	192,263	6,208,025
Off-balance sheet currency position	3,457,636	33,017,809	14,756,643	127,106	51,359,194
Total currency position	(170,333)	40,916,894	16,501,289	319,369	57,567,219

(*) 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

43. 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's 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 re-pricing effective interest rate term is assumed to be within one month;
- The re-pricing effective interest rate term of investment securities is determined based on the time to maturity from the balance sheet date of each securities;
- The re-pricing effective interest rate term of placements with and loans to other credit institutions; loans to customers; borrowings from the Government and the SBV; deposits and borrowings from other credit institutions; deposits from customers are determined as follows:
 - Items with fixed interest rate during the contractual period: the re-pricing effective interest rate term is determined based on the time to maturity from the date of these separate financial statements;
 - Items with floating interest rate: the re-pricing effective interest rate term is determined based on the time to the nearest interest rate re-pricing date from the date of these separate financial statements;
- The re-pricing effective interest rate term of valuable papers issued is determined based on the time to maturity of each valuable paper issued;
- The re-pricing effective interest rate term of grants, trusted funds and borrowings at risk of the credit institution is determined based on their time to maturity of the transactions since such transactions have fixed interest rates.

The Bank's interest rate risk policies

Inter-bank lending (short-term): 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.

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)

FORM B 05/TCTD

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

43. INTEREST RATE RISK (Continued)

The Bank's interest rate risk policies (Continued)

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 the competitiveness as well as the efficiency. The Head Office regulates the floor lending interest rate 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 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 has completed the design of 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, interest rate increase/decrease analysis reports, etc. in order to facilitate the Bank's interest rate management activities. ALM system is currently in the test phase and expected to be officially launched in 2013.
- Re-pricing terms of all loans are required to be adjusted based on the re-pricing terms of funds mobilised. The interest rate re-pricing gaps are controlled within established limits.

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 enhance the Bank's capital and interest management; the Bank also complete stage 1 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCID

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

43. INTEREST RATE RISK (Continued)

	Non - interest bearing million VND	Overdue			Current					Total million VND	
		Over 3 months million VND	Within 3 months million VND	Within 1 month million VND	From 1 to 3 months million VND	From 3 to 6 months million VND	From 6 to 12 months million VND	From 1 to 5 years million VND	Over 5 years million VND		
Assets											
Cash, gold and gemstones	3,225,758	-	-	-	-	-	-	-	-	3,225,758	
Balances with the State Bank of Vietnam	-	-	-	21,350,584	-	-	-	-	-	21,350,584	
Placements with and loans to other credit institutions (*)	-	-	-	42,112,919	13,753,766	4,376,198	1,875,513	-	-	62,118,396	
Loans to customers (*)	-	7,256,877	2,218,067	225,472,249	55,041,478	35,615,074	3,859,963	2,997,714	786,920	333,248,342	
Investment securities (*)	161,911	-	-	1,256,581	6,102,556	5,806,725	3,814,098	55,239,882	3,900,197	76,281,950	
Long-term investments (*)	5,341,538	-	-	-	-	-	-	-	-	5,341,538	
Fixed assets	5,345,948	-	-	-	-	-	-	-	-	5,345,948	
Other assets (*)	20,812,937	-	-	-	-	-	-	-	-	20,812,937	
Total assets	34,888,092	7,256,877	2,218,067	290,192,333	74,897,800	45,797,997	9,549,574	58,237,596	4,687,117	527,725,453	
Liabilities											
Borrowings from the Government and the SBV	-	-	-	-	-	221,976	-	-	-	34,252	256,228
Deposits and borrowings from other credit institutions	-	-	-	41,962,772	22,306,593	8,923,815	3,218,044	4,333,678	-	80,744,902	
Deposits from customers	-	-	-	178,186,863	63,545,800	18,477,833	16,524,808	30,796,388	-	307,531,692	
Derivative financial instruments and other financial liabilities	30,353	-	-	-	-	-	-	-	-	30,353	
Grants, trusted funds and borrowings at risk of the credit institution	-	-	-	5,909,114	12,224,887	5,909,113	2,659,101	2,841,945	-	29,544,160	
Valuable papers issued	-	-	-	9,241,081	1,468,578	275,235	11,495,115	6,340,515	-	28,820,524	
Other liabilities (*)	27,460,190	-	-	-	-	-	-	-	-	27,460,190	
Total liabilities	27,490,543	-	-	235,299,830	99,545,858	33,807,972	33,897,068	44,312,526	34,252	474,388,049	
Balance sheet net interest gap	7,397,549	7,256,877	2,218,067	54,892,503	(24,648,058)	11,990,025	(24,347,494)	13,925,070	4,652,865	53,337,404	
Off-balance sheet commitments affecting to sensitivity with assets and liabilities' interest rate	-	-	-	-	-	-	-	-	-	-	
Total net interest rate gap	7,397,549	7,256,877	2,218,067	54,892,503	(24,648,058)	11,990,025	(24,347,494)	13,925,070	4,652,865	53,337,404	

(*) 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

44. 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 and legal regulations relating to financial reporting. The aging of such financial assets 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	117,418	64,893	65,889	864,655

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, these assets' value are measured in accordance with Decision 493 and Decision 18.

45. 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.

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 builds 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 maintain the ability to balance the liquidity of the Bank.

In addition, the Bank also maintains a list of secondary liquid assets such as government bonds, which may be sold under repurchased contracts with the State Bank in serious liquidity circumstances (if any). 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 of investment securities is based on the contractual maturity date of each type.
- The maturity of deposits with and loans to other credit institutions and loans to customers is based on the contractual maturity date. The actual maturity sometimes varies from contractual term when the contract is extended. In addition, loans to customers are represented by the residual value after deducting risk provision.
- The maturity of equity investment is considered to be over five years as equity investments have indefinite maturity.
- The deposits, loans from other credit institutions and deposits from customers are determined on the nature of these amounts or maturity date. For demand deposits from business entities and the grants, trusted funds and borrowings at risk of the credit institution, there is an assumption that a certain volume is maintained in the next term.
- Vostro accounts and current accounts paid upon customers' demand are considered to be current. The maturity of term borrowings and deposits is based on their contractual maturity dates. In practice, such items may be rolled over and maintained for longer periods.
- The maturity of fixed assets is determined based on their remaining useful lives.
- Based on the approved annual business plan of the management, the Treasury and Financial Planning Department does 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

45. 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 through 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, 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 the 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 implementing and developing software for upgrading and improving the process of risk management in accordance with international standards.

The data in the Liquidity Risk Report as at 30 June 2013 shows that the Bank' 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 of major currency unit (such as VND, USD, EUR) on deposits and loans portfolios.

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

5. LIQUIDITY RISK (Continued)

	Overdue		Current					Total million VND
	Over 3 months million VND	Within 3 months million VND	Within 1 month million VND	From 01 to 03 months million VND	From 3 to 12 months million VND	From 1 to 5 years million VND	Over 5 years million VND	
Assets								
Cash, gold and gemstones	-	-	3,225,758	-	-	-	-	3,225,758
Balances with the State Bank of Vietnam	-	-	21,350,584	-	-	-	-	21,350,584
Placements with and loans to other credit institutions (*)	-	-	42,312,279	13,554,405	6,251,712	-	-	62,118,396
Loans to customers (*)	7,256,877	2,218,067	32,377,340	87,418,817	139,222,561	55,041,478	9,713,202	333,248,342
Investment securities (*)	-	-	1,338,421	6,087,139	9,554,400	55,239,882	4,062,108	76,281,950
Long-term investments (*)	-	-	-	-	-	-	5,341,538	5,341,538
Fixed assets	-	-	-	-	-	-	5,345,948	5,345,948
Other assets (*)	-	-	-	-	-	-	20,812,937	20,812,937
Total assets	7,256,877	2,218,067	100,604,382	107,060,361	155,028,673	110,281,360	45,275,733	527,725,453
Liabilities								
Borrowings from the Government and the SBV	-	-	-	-	221,975	-	34,253	256,228
Deposits and borrowings from other credit institutions	-	-	40,394,081	24,210,493	12,105,246	4,035,082	-	80,744,902
Deposits from customers	-	-	86,013,793	76,774,876	113,946,635	30,796,388	-	307,531,692
Derivative financial instruments and other financial liabilities	-	-	30,353	-	-	-	-	30,353
Grants, trusted funds and borrowings at risk of the credit institution	-	-	5,835,856	12,311,332	8,553,620	1,366,074	1,477,278	29,544,160
Valuable papers issued	-	-	1,753,654	1,554,096	19,172,259	6,340,515	-	28,820,524
Other liabilities (*)	-	-	3,398,200	6,280,035	13,678,427	4,103,528	-	27,460,190
Total liabilities	-	-	137,425,937	121,130,832	167,678,162	46,641,587	1,511,531	474,388,049
Net liquidity difference	7,256,877	2,218,067	(36,821,555)	(14,070,471)	(12,649,489)	63,639,773	43,764,202	53,337,404

(*) Excluding risk provision.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

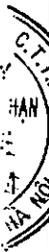
These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

46. CONTINGENT LIABILITIES

Currently, investigation agencies are prosecuting ex-employees of Ho Chi Minh City branch and Nha Be branch of the Bank for alleged misappropriation of assets by means of fraudulence and other charges. According to the code of criminal legislation and criminal procedure code, for cases under prosecution and investigation, the legal responsibilities and obligation of related parties will be determined only when the trial has been completed with an effective judgment. However, based on results of reconciliation, review and investigation procedures that have been taken 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 that regards to the illegal actions of these individuals.

47. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AT THE END OF THE REPORTING PERIOD

	<u>30/6/2013</u>	<u>31/12/2012</u>
	VND	VND
USD	21,036	20,828
EUR	27,447	27,450
GBP	32,083	33,532
CHF	22,330	22,749
JPY	212.82	241.39
SGD	16,639	16,967
CAD	20,054	20,849
AUD	19,275	21,575
NZD	16,330	17,079
THB	677.86	678.61
SEK	3,147	3,193
NOK	3,480	3,722
DKK	3,684	3,680
HKD	2,720	2,676
CNY	3,427	3,322
KRW	18.41	19.37
LAK	2.70	2.58
MYR	6.67	Not applicable



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

48. SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

On 13 July 2013, the second extraordinary General Shareholders' Meeting was held. The shareholders passed the Bank's capital increase plan in 2013; dividend payment in cash of 16% of the charter capital before share issuance to the strategic shareholder namely Bank of Tokyo Mitsubishi UFJ, Ltd. (BTMU); issuance of shares at par value to existing shareholders at the rate of 14% of charter capital at the issue date (including purchasing option for the strategic foreign shareholder BTMU). The estimated time is in Quarter 3 of 2013. At the meeting, the shareholders also passed the amendment to the Bank's charter and changes of members in the Bank's Board of Directors. On 15 August 2013, the Governor of the State Bank of Vietnam accepted the Bank's proposal on charter capital increase through share issuance to the Bank's existing shareholders from VND 32,661 billion to VND 37,234 billion according to the capital increase plan approved in the second extraordinary General Shareholders' Meeting on 13 July 2013.

On 16 August 2013, the Governor of the SBV issued Document No. 5858/NHNN-TTGSNH approving the contribution of USD 14 million of the Bank for increasing the charter capital in Indovina Bank Ltd. in accordance with the capital increase plan of Indovina Bank Ltd. on 07 January 2013.

49. COMPARATIVE FIGURES

Comparative figures in the balance sheet are those in the audited financial statements for the year ended 31 December 2012. Comparative figures in the income statement and cashflow statement are those in the reviewed financial statements for the period from 01 January 2012 to 30 June 2012.

Preparer

Approver

Approver



Ha Quang Vu
Head of Financial Accounting
Management Department

Nguyen Hai Hung
Chief Accountant

Nguyen Van Du
Deputy General Director

27 August 2013
