

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

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED CONSOLIDATED  
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 consolidated 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 consolidated 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 consolidated financial statements, the Board of Management is required to:

**STATEMENT OF THE BOARD OF MANAGEMENT (Continued)**

**BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY (Continued)**

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

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

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

For and on behalf of the Board of Management,



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**Nguyen Van Thang**  
**General Director**

*Hanoi, 27 August 2013*

Handwritten red text on the right margin, partially visible: "Handwritten text" (likely a signature or initials).

No.: 380 /VNIA-HN-BC

## REVIEW REPORT ON THE CONSOLIDATED 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 consolidated balance sheet as at 30 June 2013, the related consolidated 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 "consolidated 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 66. The preparation of these consolidated financial statements is the responsibility of the Bank's management. Our responsibility is to issue a review report on these consolidated 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 consolidated 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 consolidated 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, 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 49 of the Notes to the consolidated 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 internal reconciliation, review and investigation procedures that have been taken up to the date of this report, the Bank's management believes that the Bank neither is jointly liable for nor incur any financial loss that regards to the illegal actions of these individuals.



**Trương Anh Hưng**  
**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

CONSOLIDATED BALANCE SHEET

As at 30 June 2013

FORM B 02/TCTD-HN

Unit: Million VND

NO. ITEMS	Notes	30/6/2013	31/12/2012
<b>A. ASSETS</b>			
<b>I. Cash, gold and gemstones</b>	<b>5</b>	<b>3,279,780</b>	<b>2,511,105</b>
<b>II. Balances with the State Bank of Vietnam ("SBV")</b>	<b>6</b>	<b>21,351,292</b>	<b>12,234,145</b>
<b>III. Placements with and loans to other credit institutions</b>	<b>7</b>	<b>61,746,128</b>	<b>57,708,302</b>
1. Placements with other credit institutions		18,519,123	21,457,717
2. Loans to other credit institutions		43,553,657	36,432,503
3. Provision for credit losses of loans to other credit institutions		(326,652)	(181,918)
<b>IV. Trading securities</b>	<b>11</b>	<b>448,747</b>	<b>274,553</b>
1. Trading securities		453,376	284,267
2. Provisions for impairment of trading securities		(4,629)	(9,714)
<b>V. Derivative financial instruments and other financial assets</b>	<b>8</b>	<b>-</b>	<b>74,451</b>
<b>VI. Loans to customers</b>		<b>329,247,025</b>	<b>329,682,838</b>
1. Loans to customers	9	334,607,264	333,356,092
2. Provisions for credit losses of loans to customers	10	(5,360,239)	(3,673,254)
<b>VII. Investment securities</b>	<b>12</b>	<b>77,222,490</b>	<b>73,462,307</b>
1. Available-for-sale investment securities		75,117,486	71,126,639
2. Held-to-maturity investment securities		2,250,000	2,450,000
3. Provisions for impairment of investment securities		(144,996)	(114,332)
<b>VIII. Long-term investments</b>	<b>13</b>	<b>2,760,773</b>	<b>2,771,133</b>
1. Investments in joint-ventures		2,440,641	2,444,848
2. Other long-term investments		322,248	327,109
3. Provisions for impairment of long-term investments		(2,116)	(824)
<b>IX. Fixed assets</b>		<b>5,371,078</b>	<b>5,276,653</b>
1. Tangible fixed assets	14	2,938,052	2,971,038
a. Cost		6,425,567	6,676,954
b. Accumulated depreciation		(3,487,515)	(3,705,916)
2. Finance lease assets		-	-
a. Cost		-	49
b. Accumulated depreciation		-	(49)
3. Intangible assets	15	2,433,026	2,305,615
a. Cost		2,824,450	2,643,702
b. Accumulated amortisation		(391,424)	(338,087)
<b>X. Other assets</b>		<b>20,793,289</b>	<b>19,534,772</b>
1. Other receivables	16	9,700,532	9,454,662
2. Interest and fee receivables		8,375,491	7,943,559
3. Other assets	17	2,728,041	2,146,201
- In which: Goodwill	18	10,890	11,798
4. Provisions for impairment of other assets		(10,775)	(9,650)
<b>TOTAL ASSETS</b>		<b>522,220,602</b>	<b>503,530,259</b>

CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2013

FORM B 02/TCTD-HN

Unit: Million VND

NO. ITEMS	Notes	30/6/2013	31/12/2012
<b>B. LIABILITIES AND OWNERS' EQUITY</b>			
<b>I. Borrowings from the Government and the SBV</b>	19	256,228	2,785,374
<b>II. Deposits and borrowings from other credit institutions</b>	20	80,785,438	96,814,801
1. Deposits from other credit institutions		15,784,364	19,983,410
2. Borrowings from other credit institutions		65,001,074	76,831,391
<b>III. Deposits from customers</b>	21	307,267,055	289,105,307
<b>IV. Derivative financial instruments and other financial liabilities</b>	8	30,353	-
<b>V. Grants, trusted funds and borrowings at risk of credit institution</b>	22	28,449,477	33,226,708
<b>VI. Valuable papers issued</b>	23	28,820,524	28,669,229
<b>VII. Other liabilities</b>	24	28,464,514	19,088,467
1. Accrued fee and interest expenses		5,108,329	3,615,577
2. Other payables and liabilities		22,872,373	14,982,079
3. Other provisions		483,812	490,811
<b>TOTAL LIABILITIES</b>		<b>474,073,589</b>	<b>469,689,886</b>
<b>VIII. Capital and reserves</b>	26	47,930,929	33,624,531
1. Capital		41,633,051	26,219,755
a. Charter capital		32,661,443	26,217,545
b. Share premium		8,971,608	2,210
2. Reserves		2,468,779	2,433,966
3. Foreign exchange reserves		320,495	302,101
4. Retained earnings		3,508,604	4,668,709
<b>IX. Minority interests</b>	26	216,084	215,842
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>522,220,602</b>	<b>503,530,259</b>

OFF-BALANCE SHEET ITEMS

NO. ITEMS	Notes	30/6/2013	31/12/2012
<b>I. Contingent liabilities</b>	41	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
<b>II. Commitments</b>	41	10,816,203	11,932,157
1. Other commitments		10,816,203	11,932,157

Preparer



Ha Quang Vu  
Head of Financial Accounting  
Management Department

Approver



Nguyen Hai Hung  
Chief Accountant



Nguyen Van Du  
Deputy General Director

27 August 2013

**CONSOLIDATED INCOME STATEMENT**

For the period from 01 January 2013 to 30 June 2013

FORM B 03/TCTD-HN

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	27	22,956,477	27,412,525
2. Interest and similar expenses	28	(13,643,347)	(18,368,541)
<b>I. Net interest income</b>		<b>9,313,130</b>	<b>9,043,984</b>
3. Income from services		938,171	862,115
4. Expenses on services		(267,653)	(243,986)
<b>II. Net profit from services</b>	<b>29</b>	<b>670,518</b>	<b>618,129</b>
<b>III. Net gain from trading foreign currencies</b>	<b>30</b>	<b>75,557</b>	<b>194,454</b>
<b>IV. Net gain from trading securities</b>	<b>31</b>	<b>9,219</b>	<b>28,880</b>
<b>V. Net gain from investment securities</b>	<b>32</b>	<b>86,999</b>	<b>45,196</b>
5. Other operating income		632,606	557,230
6. Other operating expenses		(247,067)	(56,914)
<b>VI. Net profit from other activities</b>	<b>33</b>	<b>385,539</b>	<b>500,316</b>
<b>VII. Income from capital contribution, equity</b>	<b>34</b>	<b>108,806</b>	<b>87,958</b>
<b>VIII. Operating expenses</b>	<b>35</b>	<b>(4,652,110)</b>	<b>(5,392,280)</b>
<b>IX. Net profit from operating activities before credit provision expenses</b>		<b>5,997,658</b>	<b>5,126,637</b>
<b>X. Provision expenses for credit losses</b>	<b>36</b>	<b>(1,861,098)</b>	<b>(2,335,250)</b>
<b>XI. Profit before tax</b>		<b>4,136,560</b>	<b>2,791,387</b>
7. Current corporate income tax expense	37	(1,019,260)	(675,548)
<b>XII. Corporate income tax expense</b>	<b>37</b>	<b>(1,019,260)</b>	<b>(675,548)</b>
<b>XIII. Profit after tax</b>		<b>3,117,300</b>	<b>2,115,839</b>
<b>XIV. Minority interests</b>		<b>7,906</b>	<b>10,501</b>
<b>XV. Profit attributable to the owners of the Bank</b>		<b>3,109,394</b>	<b>2,105,338</b>
<b>XVI. Earnings per share (VND)</b>	<b>38</b>	<b>1,113</b>	<b>880</b>

Preparer



Ha Quang Vu  
Head of Financial Accounting  
Management Department

Approver



Nguyen Hai Hung  
Chief Accountant



Nguyen Van Du  
Deputy General Director

27 August 2013

**CONSOLIDATED CASH FLOW STATEMENT**

*For the period from 01 January 2013 to 30 June 2013*

FORM B 04/TCTD-HN

*Unit: Million VND*

NO. ITEMS	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
01. Interest and similar income	22,512,312	27,671,229
02. Interest and similar expenses	(12,150,595)	(19,767,405)
03. Income from services	670,518	618,129
04. Net gain from trading foreign currencies, gold and trading securities	289,855	245,289
05. Other (expenses)	(100,011)	(19,685)
06. Receipts from debts written-off or paid off by risk fund	485,550	520,001
07. Payments to employees and for operating management	(5,124,366)	(4,460,441)
08. Corporate income tax paid	(838,742)	(1,179,657)
<b>Net cash from operating profit before movements in assets and working capital</b>	<b>5,744,521</b>	<b>3,627,460</b>
<b><i>Movement in operating assets</i></b>	<b>(15,549,935)</b>	<b>14,961,016</b>
09. (Increase)/Decrease in deposit at and loans to other credit institutions	(6,406,952)	1,965,608
10. (Increase)/Decrease in trading securities	(7,693,041)	3,910,336
11. Decrease/(Increase) in derivatives and other financial assets	74,451	(10,711)
12. (Increase)/Decrease in loans to customers	(1,251,172)	8,771,731
13. (Increase) in provision for losses	-	(6,715)
14. (Increase)/Decrease in other operating assets	(273,221)	330,767
<b><i>Movement in operating liabilities</i></b>	<b>(1,115,798)</b>	<b>(55,985,060)</b>
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	(16,029,363)	(30,563,590)
17. Increase/(Decrease) in deposits from customers (including State Treasury)	18,161,748	(3,761,731)
18. Increase in valuable papers (excluding valuable papers charged to financial activities)	151,295	3,133,948
19. (Decrease)/Increase in grants, trusted funds and borrowings at risk of credit institution	(4,777,231)	1,376,355
20. Increase in financial instruments and other financial liabilities	30,353	-
21. Increase in other operating liabilities	3,876,546	1,576,182
22. Cash outflows from reserves of the credit institution	-	(880,385)
<b>I. Net cash (used in)/from operating activities</b>	<b>(10,921,212)</b>	<b>(37,396,584)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
01. Acquisition of fixed assets	(586,397)	(3,193,170)
02. Proceeds from sales, disposal of fixed assets	2,286	1,605
03. Expenses on sales, disposal of fixed assets	(4,014)	-
04. Investment in other entities	(139)	-
05. Proceeds from investments in other entities	5,000	-
06. Dividends and profit received from long-term investments and capital contribution	24,610	13,299
<b>II. Net cash (used in) investing activities</b>	<b>(558,654)</b>	<b>(3,178,266)</b>

**CONSOLIDATED CASH FLOW STATEMENT (Continued)**

*For the period from 01 January 2013 to 30 June 2013*

FORM B 04/TCTD-HN

Unit: Million VND

NO. ITEMS	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
01. Increase in share capital from issuing stocks	15,413,296	-
02. Dividends paid	-	(79)
<b>III. Net cash from/(used in) financing activities</b>	<b>15,413,296</b>	<b>(79)</b>
<b>IV. Net increase/(decrease) in cash</b>	<b>3,933,430</b>	<b>(40,574,929)</b>
<b>V. Cash and cash equivalents at the beginning of the period</b>	<b>59,313,988</b>	<b>74,294,399</b>
VI. Effects of changes in foreign exchange rates	(1,904)	1,981
<b>VII. Cash and cash equivalents at the end of the period</b> (Note 39)	<b>63,245,514</b>	<b>33,721,451</b>

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

Preparer



Ha Quang Vu  
 Head of Financial Accounting  
 Management Department

27 August 2013

Approver



Nguyen Hai Hung  
 Chief Accountant

Approver



Nguyen Van Du  
 Deputy General Director

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FORM B 05/TCTD-HN**

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

**1. GENERAL INFORMATION**

Vietnam Joint Stock Commercial Bank for Industry and Trade (herein referred to as the "Bank" or "Vietinbank") 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/QĐ-NH5 dated 21 September 1996 by the Governor of the State Bank of Vietnam ("the SBV"). On 25 December 2008, the Vietnam Bank for Industry and Trade successfully undertook its Initial Public Offering.

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

**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 (01) overseas representative office in Myanmar and one hundred and fifty one (151) branches (including three overseas branches - two branches in Germany and one 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 19,651 (as at 31 December 2012: 19,840).

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

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, Accounting Regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. However, due to the Bank's large scale of operations, for the purpose of preparing these consolidated financial statements, the figures are rounded to and presented in millions of Vietnam Dong (million VND). This presentation does not materially impact on the consolidated financial statements in terms of the financial position, results of operations and the cash flows. With regards to the number of shares and earnings per share, the Bank presented the items in unit as shown in Note 26 and Note 38.

**Financial year**

The Bank's financial year begins on 01 January and ends on 31 December. These consolidated 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 in order to replace Circular No. 203/2009/TT-BTC ("Circular 203"). Circular 45 is effective starting 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 consolidated 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 consolidated 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 consolidated financial statements for future accounting periods.

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

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

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Bank and enterprises controlled by the Bank (its subsidiaries) up to 30 June 2013. Control is achieved where the Bank has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

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

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

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Bank's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority interests in the subsidiary's equity are allocated against the interests of the Bank except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

**Business combinations**

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

The interest of minority shareholders is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interests in joint ventures**

A joint venture is contractual arrangement whereby the Bank and other parties undertake an economic activity that is subject to joint control, i.e., the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Bank reports its interests in jointly controlled entities using the equity method of accounting. According to equity method of accounting, investments in joint ventures are initially stated at cost. Subsequently, interests in joint ventures are adjusted by post-acquisition changes in the Bank's share of the net assets of the joint ventures.

**Goodwill**

Goodwill represents the excess of the cost of acquisition over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and is amortised on the straight-line basis over its estimated period of benefit of 10 years.

Goodwill arising on the acquisition of jointly controlled entities is included within the carrying amount of the jointly controlled entities. Goodwill arising on the acquisition of subsidiaries is presented separately as an intangible asset in the consolidated balance sheet.

On disposal of a subsidiary or jointly controlled entity, the remaining amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

**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 disclosed at their principal amounts outstanding 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. 1627/2001/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 a number of lending regulations under Decision No. 1627/2001/QD-NHNN, Decision No. 493/2005/QD-NHNN ("Decision 493") dated 22 April 2005 and Decision No. 18/2007/QD-NHNN dated 25 April 2007 ("Decision 18") issued by the State Bank of Vietnam 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 institution is 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for credit losses (Continued)

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 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%

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 consolidated 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 into groups 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 consolidated income statement and provision balance is recorded as "Other liabilities" in the consolidated balance sheet.

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

*Trading securities*

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

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

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

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

*Investment 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 paid in arrears) or interest income received upfront (for debt securities with interest paid in advance) is recorded in a separate account. Any discount or surplus which is the difference between par value and the amount equal to par value plus (+) accumulative interest income before the purchasing date (if any) for debt securities with interest paid in arrears or minus (-) interest income received upfront waiting for amortisation (if any) for debt securities with interest paid in advance is also recorded in a separate account.

In subsequent period, held-to-maturity investment securities are recognised at par value, any discount or premium (if any) is amortised in the consolidated 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 the accumulated method. Interest received upfront is recognised and amortised to the consolidated income statement using the 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 purpose. Provision for impairment is recorded in "Net gain/loss from trading investment securities" in the consolidated income statement.

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments (Continued)**

*Investment securities (Continued)*

*Available-for-sale securities*

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

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

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

Periodically, available-for-sale securities are subject to impairment review. Provision for impairment is made when carrying value of the securities is higher than their market value determined in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance. Accordingly, for listed equity securities, the Bank determined the value of the investments using closing prices as at the balance sheet date; for unlisted and liquid equity securities, the Bank collected direct quotations from three securities companies, of which charter capital is VND 300 billion or more each at the end of the 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 purpose. For the 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 consolidated 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 consolidated 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 provisions are made at 0.75% of the total balance of debt securities issued by local business entities (excluding investments for which provisions have been made 100%) at the reporting date accordance with Circular No. 28/2011/TT-NHNN dated 01 September 2011 by State Bank of Vietnam. Provision expense is charged into "Gain/(loss) from trading/investment securities" in the consolidated income statement and provision balance is recorded as "Provision for impairment of trading/investment securities" in the consolidated balance sheet

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

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

**4. 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 the power to govern the financial and operating policies of the investee by a written agreement on delegating personnel to take part in the Board of Directors/Board of Management. The long-term investments are recognised at cost less provision (if any).

Provision for impairment of long-term investments is made when the investees make losses (except that such losses were intended in the entities' original business plans) in accordance with Circular No. 228/2009/TT-BTC 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 and Bank's share of the owner's equity of the investee. The provision is recorded as an operating expense in the Bank's consolidated income statement.

***Recognition***

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

Investment securities and other investments are 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 consolidated financial statements. The corresponding cash received is recognised in the consolidated balance sheet as a liability. The difference between the sale price and repurchase price is amortised to the consolidated 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 consolidated financial statements. The corresponding cash payment is recognised in the consolidated balance sheet as an asset. The difference between the purchasing price and resale price is amortised to the consolidated income statement over the agreement validity period using the straight-line method based on the contractual interest rate.

**Trust activities and trusted funds**

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

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 normally charged to the consolidated income statement as incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

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

<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 and is recognised in the consolidated 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 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 consolidated income statement.

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Bank as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Bank as lessee

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

Prepayments

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

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

Other long-term prepayments include repair, maintenance cost for assets, tools, supplies issued for consumption and prepaid service charges, and are considered to bring future economic benefits to the Bank. These expenses are recorded as prepayments and are charged to the consolidated income statement, using the straight-line method over the period of more than one year but not exceeding three years in accordance with prevailing accounting regulations for repair, maintenance cost for assets, tools and supplies issued for consumption and over the 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, escaping, prosecuted, on trial or passing away even though loans are not overdue. Provision expense incurred is recorded as "Operating expenses" in the consolidated income statement during the period.

The Bank makes provision for overdue receivables in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**      **FORM B 05/TCTD-HN**  
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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 the issuance of common stocks are recognised as a decrease in the share premium of 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 reserves: 5% of profit after tax, not exceeding the Bank's charter capital;
- Financial reserve fund: 10% of profit after tax but not exceeding 25% of the Bank's charter capital;
- Bonus fund for the Board of Management, bonus and welfare funds are established in accordance with the Decisions approved in the General Shareholders' Meetings.

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

**Revenue and expenses**

***Interest income***

Income from interest is recorded on an accrual basis for the loans which are identified as being able to claim both principals and interests on time and the Bank shall not appropriate provisions according to prevailing regulations. The interest amounts which have been recorded as income, in the event that the customer could not pay both principal and interest on the maturity date, would be charged to 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 are classified from 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 consolidated income statement for the period. Accrued interest income of impaired loans is recorded as off-balance sheet item and is only recognised in the consolidated income statement when it is actually received.

***Borrowing costs***

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and expenses (Continued)**

***Revenue from sales of goods***

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Bank has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Bank retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Bank; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

***Revenue from insurance services***

Revenue from insurance services is recognised at the time when both of the following conditions are met: (a) the insurance contract has been entered into by the insurer and the insured; (b) the premium has been paid by the insured or there is an agreement between the insurer and the insured for delayed payment of insurance premium (in gross written premium) or the amount is incurred on the reinsurance notice from the cedants to the Bank/the Bank's subsidiaries (for reinsurance premium) with the following adjustments:

- (Increase)/decrease in unearned premium which is made under Circular No. 125/2012/TT-BTC issued by the Ministry of Finance dated 30 July 2012;
- Deduct the reinsurance premium recorded based on the amount of premium payable to the reinsurer, corresponding to the gross written premium recognised in the period; and
- Add reinsurance commission recognised in line with the recognition of respective reinsurance premium.

***Dividend recognition***

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

***Claim settlements expenses of insurance activities***

Claim settlements expenses are recorded when claim files are completed and approved by competent people. In case the Bank assures that insurance responsibilities belong to the Bank and the Bank has advanced to client under client's request but the claim amount has not been determined reliably, the settled amount was recorded to claim settlements expenses. Claim expenses which have not been approved at the period end are considered as deferred expense and accounted in claim reserve.

***Commission expense of insurance activities***

Commission expenses are recorded when incurred. Commission expenses are calculated by percentage of premium from direct insurance and recorded to the consolidated income statement for the period. Commission of each insurance product is calculated at certain percentage in accordance with Circular No. 124/2012/TT-BTC dated 30 July 2012 issued by the Ministry of Finance.

***Income and expense from other services***

Income and expense from other services are recognised on cash basis.

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

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Foreign currencies**

According to the Bank's accounting system, all transactions are recorded in original currency. Income and expense arising in foreign currency during the period are translated into VND at the rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the period end are translated into VND using exchange rate ruling as at consolidated balance sheet date (see list of exchange rate of applicable foreign currencies against VND as at 30 June 2013 in Note 50). 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 consolidated financial statements.

For the purpose of preparing consolidated financial statements, assets and liabilities of subsidiaries and joint ventures of which financial statements are prepared in currencies other than VND (including comparative figures) are translated into VND at the exchange rate at the end of accounting period. Income and expenses are translated at the average exchange rate during the period, in circumstances of significant fluctuation; those are translated at the exchange rates at the transaction dates. All resulting exchange differences, if any, are classified as equity and recorded as "Foreign exchange reserve". Foreign exchange reserve is recognised into the consolidated income statement when investments in subsidiaries or joint ventures are disposed.

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

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

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

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

**4. 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 monthly 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 consolidated income statement as "Net gain/(loss) from trading foreign currencies" using the straight-line method over the contract term for the currency swap contracts and recorded in the foreign exchange reserves item in the consolidated balance sheet then allocated to the consolidated income statement as at the balance sheet date for currency 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 consolidated balance sheet. The option premium paid or received is recorded as receivable or payable from/to derivative transactions, and is amortised to income or expense using 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 consolidated income statement in "Net gain/(loss) from trading foreign currencies".

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

4. 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 an associate in which the Bank is a venturer;
- (c) The party is a close member of the Board of Directors, Board of Management and Board of Supervisors 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 consolidated financial statements when performed or when related expenses are incurred or received.

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

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

**5. CASH, GOLD AND GEMSTONES**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Cash in VND	2,555,990	1,987,760
Cash in foreign currencies	667,348	516,662
Valuable papers in foreign currencies	792	970
Gold, other precious metal and gemstones	55,650	5,713
	<u>3,279,780</u>	<u>2,511,105</u>

**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	18,792,718	10,046,469
Current account at the State Bank of Vietnam in foreign currencies	2,558,574	2,187,676
	<u>21,351,292</u>	<u>12,234,145</u>

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

Compulsory reserve balances for VND deposits applicable to credit institutions as at 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 term 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
<b>Placements with other credit institutions</b>		
Demand deposits	10,426,467	14,475,763
- In VND	5,456,302	4,668,015
- In foreign currencies	4,970,165	9,807,748
Term deposits	8,092,656	6,981,954
- In VND	4,690,900	4,952,900
- In foreign currencies	3,401,756	2,029,054
	<u>18,519,123</u>	<u>21,457,717</u>
<b>Loans to other credit institutions</b>		
Loans in VND	34,405,971	28,245,000
Loans in foreign currencies, gold	9,147,686	8,187,503
Provision for credit losses of loans to credit institutions	(326,652)	(181,918)
	<u>43,227,005</u>	<u>36,250,585</u>
	<u>61,746,128</u>	<u>57,708,302</u>

**8. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS/LIABILITIES**

	Net book value	
	(at the exchange rate as of the reporting date)	
	Assets	Liabilities
	million VND	million VND
<b>As at 30/6/2013</b>		
<b>Currency derivative financial instruments</b>	-	30,353
Forward contracts	-	38,721
Swap contracts	-	(8,368)
<b>As at 31/12/2012</b>		
<b>Currency derivative financial instruments</b>	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	330,638,026	329,440,108
Discounting promissory notes and valuable papers	347,679	310,324
Finance leases	1,253,435	1,328,324
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>334,607,264</u>	<u>333,356,092</u>

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

**9. LOANS TO CUSTOMERS (Continued)**

**Analysis of loan balances by quality**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Current loans	324,761,115	327,054,358
Special-mentioned loans	2,456,483	1,411,738
Sub-standard loans	1,944,894	994,983
Doubtful loans	1,277,586	1,789,074
Loss loans	4,167,186	2,105,939
	<u>334,607,264</u>	<u>333,356,092</u>

**Analysis of loan balances by terms**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Short-term loans	198,139,357	200,455,255
Medium-term loans	33,368,117	34,078,369
Long-term loans	103,099,790	98,822,468
	<u>334,607,264</u>	<u>333,356,092</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	32,893,286	34,376,546
State-owned one-member limited enterprises	53,523,082	49,010,516
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	62,510,145	61,496,519
Joint stock companies with more than 50% of the State's share-holding	27,314,074	28,542,233
Other joint stock companies	83,510,579	85,012,500
Partnership companies	4,484	8,566
Private companies	11,631,683	12,163,761
Foreign invested enterprises	9,518,373	8,571,598
Cooperatives, cooperative unions	1,756,665	1,626,349
Household businesses, individuals	49,450,900	49,819,646
Administrative units, the Party, unions and associations	210,470	369,239
Others	62,055	67,041
	<u>334,607,264</u>	<u>333,356,092</u>

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

**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
Agricultural, forestry and aquaculture	9,387,896	8,301,832
Mining and quarrying	26,205,077	25,501,052
Manufacturing and processing	107,702,005	105,156,710
Electricity, fuel gas and hot water	22,930,748	22,763,351
Water supplying, garbage and sewage treatment and management	597,377	514,328
Construction	23,105,627	22,774,338
Wholesale and retail trade; repair of motor vehicles, motor cycles	94,393,689	97,095,238
Transport, warehouse	8,485,669	9,780,579
Hospitality services	2,880,100	2,291,814
Information and communications	1,760,291	1,755,920
Financial, banking and insurance activities	1,970	479
Real estate	23,128,492	26,068,597
Profession, science and technology	298,969	109,854
Administrative activities and supporting services	343,339	318,824
Party related activities, political-social organizations, State management, national security and defence, compulsory social guarantee	-	-
Education and training	624,401	968,304
Health care and social work	2,103,713	2,089,555
Art and entertainment	-	-
Other service activities	6,667,794	4,590,629
Households	3,681,695	3,073,666
International organisations and bodies	28,923	32,616
Others	279,489	168,406
	<u>334,607,264</u>	<u>333,356,092</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	5,360,239	3,673,254
Provision for off-balance sheet commitments (Note 24)	438,058	409,833
	<u>5,798,297</u>	<u>4,083,087</u>

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

**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	2,299,619	1,373,635	3,673,254
Provision charged for the period (Note 36)	177,749	1,509,236	1,686,985
As at 30/6/2013	<u>2,477,368</u>	<u>2,882,871</u>	<u>5,360,239</u>

The Bank classifies the loans under Article 6 of Decision 493, Decision 18 and Decision 780 and other 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 at overseas branches is made in accordance with prevailing regulations in their local jurisdictions.

Movement of provision for credit losses of loans to customers for the period from 01 January 2012 to 30 June 2012 are as follows:

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
As at 01/01/2012	2,065,280	971,222	3,036,502
Provision charged for the period (Note 36)	52,638	2,244,684	2,297,322
As at 30/6/2012	<u>2,117,918</u>	<u>3,215,906</u>	<u>5,333,824</u>

**10.3 Movement in provision for off-balance sheet commitments 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	331,443	78,390	409,833
Provision charged/(reserved) for the period (Note 36)	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

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

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

**10.3 Movement in provision for off-balance sheet commitments for the period from 01 January 2013 to 30 June 2013 (Continued):**

Movement in provision for off-balance sheet commitments for the period from 01 January 2012 to 30 June 2012 are 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 36)	17,815	28,458	46,273
As at 30/6/2012	<u>385,327</u>	<u>96,757</u>	<u>482,084</u>

**11. TRADING SECURITIES**

	<u>30/6/2013</u> million VND	<u>31/12/2012</u> million VND
<b>Debt securities</b>	<b>265,000</b>	-
- Debt securities issued by local business entities	265,000	-
<b>Equity securities</b>	<b>188,376</b>	<b>284,267</b>
- Equity securities issued by other local credit institutions	2,976	48
- Equity securities issued by local business entities	185,400	284,219
	<u>453,376</u>	<u>284,267</u>
Provisions for impairment of trading securities	(4,629)	(9,714)
	<u>448,747</u>	<u>274,553</u>

**Listing status of trading securities**

	<u>30/6/2013</u> million VND	<u>31/12/2012</u> million VND
<b>Debt securities</b>		
Debt securities issued by local business entities		
- Listed	-	-
- Unlisted	265,000	-
<b>Equity securities</b>		
Equity securities issued by other local credit institutions		
- Listed	2,976	48
- Unlisted	-	-
Equity securities issued by local business entities		
- Listed	8,434	26,456
- Unlisted	176,966	257,763
	<u>453,376</u>	<u>284,267</u>

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

12. INVESTMENT SECURITIES

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Available-for-sale investment securities	75,117,486	71,126,639
Debt securities	74,647,126	70,847,671
- Government bonds	46,387,514	44,522,304
- Debt securities issued by other local credit institutions	3,517,392	2,618,287
- Debt securities issued by local business entities	24,742,220	23,707,080
Equity securities	470,360	278,968
- Equity securities issued by other local credit institutions	16,888	16,888
- Equity securities issued by local business entities	453,472	262,080
Provisions for impairment of available-for-sale investment securities	(144,996)	(114,332)
	<u>74,972,490</u>	<u>71,012,307</u>
Held-to-maturity investment securities	2,250,000	2,450,000
Government bonds	2,200,000	2,200,000
Debt securities issued by local business entities	50,000	250,000
Provisions for impairment of held-to-maturity investment securities	-	-
	<u>2,250,000</u>	<u>2,450,000</u>
	<u>77,222,490</u>	<u>73,462,307</u>

Movements of the provision for impairment of investment securities for the period are as follows:

	Provision for available-for-sale securities	Provision for held- to-maturity securities	Total
	million VND	million VND	million VND
As at 01/01/2013	114,332	-	114,332
Provision charged in this period	30,664	-	30,664
As at 30/6/2013	<u>144,996</u>	<u>-</u>	<u>144,996</u>

13. LONG-TERM INVESTMENTS

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Investments in joint ventures	2,440,641	2,444,848
Other long-term investments	322,248	327,109
Provisions for impairment of long-term investments	(2,116)	(824)
	<u>2,760,773</u>	<u>2,771,133</u>

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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**13. LONG-TERM INVESTMENTS (Continued)**

**Investments in joint ventures**

Details of investments in joint ventures as at the reporting date are as follows:

	30/6/2013		31/12/2012		Proportion of ownership interest %	Net value of investment using equity method million VND	Proportion of ownership interest %
	Cost in original currency USD	Cost equivalent million VND	Cost in original currency USD	Cost equivalent million VND			
Indovina Bank Ltd.	82,500,000	1,392,058	82,500,000	1,392,058	50	2,004,466	50
Vietinbank Aviva Life Insurance Company Limited	Non-applicable	400,000	Non-applicable	400,000	50	436,175	50
		<u>1,792,058</u>		<u>1,792,058</u>		<u>2,440,641</u>	
				<u>2,444,848</u>			

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 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 the Establishment and Operation License No. 64 GP/KDBH dated 29 July 2011 issued by the Ministry of Finance for the operating period of 50 years with the initial charter capital of VND 800 billion.

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

14. TANGIBLE FIXED ASSETS

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

	Buildings, structures	Machinery, equipment	Motor vehicles	Others	Total
	million VND	million VND	million VND	million VND	million VND
<b>Cost</b>					
As at 01/01/2013	1,950,223	3,830,342	738,073	158,316	6,676,954
Acquisitions during the period	338,307	63,209	22,206	2,540	426,262
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)	(6,835)	(4,545)	(200)	(17,480)
Reclassification (*)	-	(692,513)	(671)	(29,058)	(722,242)
Other decreases	(120)	(4,939)	(508)	(191)	(5,758)
<b>As at 30/6/2013</b>	<b>2,339,463</b>	<b>3,196,143</b>	<b>758,176</b>	<b>131,785</b>	<b>6,425,567</b>
<b>Accumulated depreciation</b>					
As at 01/01/2013	568,974	2,636,346	405,859	94,737	3,705,916
Charge for the period	78,908	228,514	47,336	10,505	365,263
Other additions	8,549	2,973	544	205	12,271
Disposals	(1,790)	(6,784)	(3,945)	(200)	(12,719)
Reclassification (*)	-	(558,750)	(629)	(19,295)	(578,674)
Other decreases	(246)	(3,069)	(1,160)	(67)	(4,542)
<b>As at 30/6/2013</b>	<b>654,395</b>	<b>2,299,230</b>	<b>448,005</b>	<b>85,885</b>	<b>3,487,515</b>
<b>Net book value</b>					
As at 30/6/2013	1,685,068	896,913	310,171	45,900	2,938,052
As at 31/12/2012	1,381,249	1,193,996	332,214	63,579	2,971,038

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

**14. TANGIBLE FIXED ASSETS (Continued)**

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

	<b>Buildings, structures</b>	<b>Machinery, equipment</b>	<b>Motor vehicles</b>	<b>Others</b>	<b>Total</b>
	million VND	million VND	million VND	million VND	million VND
<b>Cost</b>					
As at 01/01/2012	1,295,577	3,284,371	668,299	293,556	5,541,803
Acquisitions during the period	53,441	80,868	24,308	5,747	164,364
Transfer from construction in progress	2,034	231	-	-	2,265
Other additions	1,156	29,789	410	230	31,585
Disposals	(1,294)	(12,512)	(5,816)	(1,189)	(20,811)
Other decreases	(162)	-	(173)	-	(335)
Reclassification	(9,129)	167,349	(698)	(167,940)	(10,418)
<b>As at 30/6/2012</b>	<b>1,341,623</b>	<b>3,550,096</b>	<b>686,330</b>	<b>130,404</b>	<b>5,708,453</b>
<b>Accumulated depreciation</b>					
As at 01/01/2012	466,199	2,008,509	339,974	178,848	2,993,530
Charge for the period	35,510	284,291	31,859	23,200	374,860
Other addition	10,127	20,306	92	203	30,728
Disposals	(123)	(7,551)	(1,787)	(2,266)	(11,727)
Other decreases	(1,677)	(549)	(1,039)	(35,288)	(38,553)
Reclassification	367	78,240	(580)	(79,986)	(1,959)
<b>As at 30/6/2012</b>	<b>510,403</b>	<b>2,383,246</b>	<b>368,519</b>	<b>84,711</b>	<b>3,346,879</b>
<b>Net book value</b>					
As at 30/6/2012	<b>831,220</b>	<b>1,166,850</b>	<b>317,811</b>	<b>45,693</b>	<b>2,361,574</b>
As at 31/12/2011	<b>829,378</b>	<b>1,275,862</b>	<b>328,325</b>	<b>114,708</b>	<b>2,548,273</b>

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

15. INTANGIBLE ASSETS

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

	Land use rights	Computer software	Others	Total
	million VND	million VND	million VND	million VND
<b>Cost</b>				
As at 01/01/2013	2,217,168	426,476	58	2,643,702
Acquisitions during the period	68,673	113,882	-	182,555
Other additions	7,493	3	-	7,496
Reclassification (*)	(5,587)	(3,714)	-	(9,301)
Other decreases	-	-	(2)	(2)
<b>As at 30/6/2013</b>	<b>2,287,747</b>	<b>536,647</b>	<b>56</b>	<b>2,824,450</b>
<b>Accumulated amortisation</b>				
As at 01/01/2013	63,341	274,728	18	338,087
Charge for the period	13,449	43,242	4	56,695
Other additions	955	73	-	1,028
Reclassification (*)	-	(3,456)	-	(3,456)
Other decreases	-	(930)	-	(930)
<b>As at 30/6/2013</b>	<b>77,745</b>	<b>313,657</b>	<b>22</b>	<b>391,424</b>
<b>Net book value</b>				
As at 30/6/2013	<b>2,210,002</b>	<b>222,990</b>	<b>34</b>	<b>2,433,026</b>
As at 31/12/2012	<b>2,153,827</b>	<b>151,748</b>	<b>40</b>	<b>2,305,615</b>

(\*) Reclassification reflects the value of properties 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 movements of intangible assets for the period from 01 January 2012 to 30 June 2012 are as follows:

	Land use rights	Computer software	Others	Total
	million VND	million VND	million VND	million VND
<b>Cost</b>				
As at 01/01/2012	1,115,042	316,378	11,219	1,442,639
Acquisitions during the period	351,913	24,646	18,442	395,001
Other increases	11,846	10,080	51,490	73,416
Disposals	-	(441)	-	(441)
Reclassification	1,456	8,962	-	10,418
Other decreases	(1,412)	(74,540)	-	(75,952)
<b>As at 30/6/2012</b>	<b>1,478,845</b>	<b>285,085</b>	<b>81,151</b>	<b>1,845,081</b>
<b>Accumulated amortisation</b>				
As at 01/01/2012	62,419	178,736	3,540	244,695
Charge for the period	8,878	29,930	1,676	40,484
Other increases	-	26,769	31,570	58,339
Disposals	-	(73)	-	(73)
Reclassification	79	(4,289)	6,169	1,959
Other decreases	(27,116)	(31,986)	-	(59,102)
<b>As at 30/6/2012</b>	<b>44,260</b>	<b>199,087</b>	<b>42,955</b>	<b>286,302</b>
<b>Net book value</b>				
As at 30/6/2012	<b>1,434,585</b>	<b>85,998</b>	<b>38,196</b>	<b>1,558,779</b>
As at 31/12/2011	<b>1,052,623</b>	<b>137,642</b>	<b>7,679</b>	<b>1,197,944</b>

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

**16. OTHER RECEIVABLES**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Construction in progress	2,706,462	2,265,979
Purchases and major repair of fixed assets	4,085,949	4,547,287
External receivables	2,644,273	2,520,764
Internal receivables	263,848	120,632
	<u>9,700,532</u>	<u>9,454,662</u>

**Construction in progress**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Constructions in the Northern area	2,058,315	1,641,185
Constructions in the Central area	181,652	191,226
Constructions in the Southern area	466,495	433,568
	<u>2,706,462</u>	<u>2,265,979</u>

**17. OTHER ASSETS**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Investment in finance lease assets	60,166	109,252
Materials and tools	83,128	85,724
Prepaid expenses (*)	2,520,920	1,917,173
Goodwill (Note 18)	10,890	11,798
Other assets	52,937	22,254
	<u>2,728,041</u>	<u>2,146,201</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 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
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**18. GOODWILL**

Goodwill represents business goodwill resulted from the business valuation for equitisation of a subsidiary of the Bank - Vietinbank Securities Company (currently known as Vietinbank Securities Joint Stock Company).

	<b>From 01/01/2013 to 30/6/2013</b>	<b>From 01/01/2012 to 30/6/2012</b>
	<b>million VND</b>	<b>million VND</b>
Total goodwill	18,149	18,149
Amortisation period	10 years	10 years
Accumulated amortised goodwill as at the beginning of the period	(6,351)	(4,537)
Goodwill not yet amortised as at the beginning of the period	11,798	13,612
<b>Goodwill increased during the period</b>	-	-
<b>Goodwill decreased during the period</b>	(908)	(907)
- Amortised for the period	(908)	(907)
<b>Total goodwill not yet amortised as at the end of the period</b>	<b>10,890</b>	<b>12,705</b>

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

	<b>30/6/2013</b>	<b>31/12/2012</b>
	<b>million VND</b>	<b>million VND</b>
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
	<b>256,228</b>	<b>2,785,374</b>

**20. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS**

	<b>30/6/2013</b>	<b>31/12/2012</b>
	<b>million VND</b>	<b>million VND</b>
<b>Demand deposits, gold from other credit institutions</b>	<b>7,282,782</b>	<b>9,086,345</b>
- In VND	2,371,675	1,089,704
- In gold and foreign currencies	4,911,107	7,996,641
<b>Term deposits, gold from other credit institutions</b>	<b>8,501,582</b>	<b>10,897,065</b>
- In VND	3,482,289	9,261,157
- In gold and foreign currencies	5,019,293	1,635,908
<b>Borrowings from other credit institutions</b>	<b>65,001,074</b>	<b>76,831,391</b>
- In VND	35,745,000	38,865,000
- In gold and foreign currencies	29,256,074	37,966,391
	<b>80,785,438</b>	<b>96,814,801</b>

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

**21. DEPOSITS FROM CUSTOMERS**

**Analysis by type of deposits**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
<b>Demand deposits, gold</b>	<b>47,438,861</b>	<b>53,518,068</b>
- Demand deposits in VND	37,836,940	44,501,999
- Demand deposits in gold, foreign currencies	9,601,921	9,016,069
<b>Term deposits, gold</b>	<b>249,773,871</b>	<b>225,849,936</b>
- Term deposits in VND	230,162,423	207,093,002
- Term deposits in gold, foreign currencies	19,611,448	18,756,934
<b>Deposits for specific purpose</b>	<b>2,798,531</b>	<b>2,066,913</b>
- Deposits for specific purpose in VND	722,949	719,104
- Deposits for specific purpose in foreign currencies	2,075,582	1,347,809
<b>Margin deposits</b>	<b>7,255,792</b>	<b>7,670,390</b>
- Margin deposits in VND	6,039,149	6,278,737
- Margin deposits in gold, foreign currencies	1,216,643	1,391,653
	<u><b>307,267,055</b></u>	<u><b>289,105,307</b></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	38,846,148	39,433,699
State-owned one-member limited enterprises	38,407,323	31,902,696
Two or more member limited liability enterprises with more than 50% of the State's share-holding	564,835	681,347
Other limited companies	7,892,137	9,230,877
Joint stock companies with more than 50% of the State's share-holding	14,949,022	16,169,829
Other joint stock companies	8,778,598	12,387,444
Partnership companies	1,145,123	1,042,527
Private companies	695,103	928,642
Foreign invested enterprises	9,943,115	7,982,250
Cooperatives, cooperative unions	359,205	309,645
Household businesses, individuals	165,076,524	149,658,736
Administrative units, the Party, unions and associations	6,418,597	5,553,577
Others	14,191,325	13,824,038
	<u><b>307,267,055</b></u>	<u><b>289,105,307</b></u>

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

**22. 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	19,862,340	26,729,924
Funds received from other organisations and individuals in foreign currencies	2,458,578	1,768,421
Funds received from international organisations in VND	1,135,213	1,121,151
Funds received from international organisations in foreign currencies	4,993,346	3,607,212
	<u>28,449,477</u>	<u>33,226,708</u>

**23. VALUABLE PAPERS**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Valuable papers in VND	22,702,349	22,586,070
Valuable papers in foreign currencies	6,118,175	6,083,159
	<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
<b>Certificate of deposit</b>		
Term under 12 months	10,735,944	9,622,900
Term from 12 months to under 5 years	12,863,681	13,727,281
<b>Bills</b>		
Term under 12 months	2,834	2,968
<b>Bonds</b>		
Term from 12 months to under 5 years	5,218,065	5,161,280
<b>Other valuable papers</b>		
Term under 12 months	-	154,800
	<u>28,820,524</u>	<u>28,669,229</u>

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

**24. OTHER LIABILITIES**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Interest and fee payables	5,108,329	3,615,577
Internal payables	2,061,740	3,081,923
External payables	20,810,633	11,900,156
Provision for off-balance sheet commitments (Note 10)	438,058	409,833
Others	45,754	80,978
	<u>28,464,514</u>	<u>19,088,467</u>

**24.1 Details of internal payables**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Payables to employees	1,435,790	1,810,073
Payables relating to bonus and welfare funds	491,338	1,078,347
Others	134,612	193,503
	<u>2,061,740</u>	<u>3,081,923</u>

**24.2 Details of external payables**

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Payments/receipts on behalf of other organisations	13,888,189	9,481,078
Amount due to customers and deferred payment	123,761	614,799
Corporate income tax payables	722,538	544,304
Other pending payments	916,252	754,650
Payables to securities dealing	100,000	-
Margin deposits of securities investors	180,185	138,126
Other tax payables	70,462	73,229
Payables for insurance of deposit	65,000	58,958
Payables to the SBV from recovery of written-off bad debts	55,198	44,814
Payables relating to trade finance activities	34,572	11,382
Money transfer payables	92,679	32,221
Dividends of 2012	4,194,807	-
Other payables	366,990	146,595
	<u>20,810,633</u>	<u>11,900,156</u>

**25. 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	(84,744)	58,423	64,271	(90,592)
Corporate Income Tax	544,304	1,016,976	838,742	722,538
Other taxes	58,737	303,238	304,747	57,228
	<u>518,297</u>	<u>1,378,637</u>	<u>1,207,760</u>	<u>689,174</u>

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

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

Consolidated financial statements  
For the period 01 January 2013 to 30 June 2013

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

FORM B 05/CTD-HN

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

**26. CAPITAL AND RESERVES**

**The movement of major items in owner's capital**

	Charter capital million VND	Share premium million VND	Difference from financial statements translation million VND	Financial reserve fund million VND	Capital supplementary reserve million VND	Retained earnings million VND	Minority interest million VND	Total million VND
As at 01/01/2013	26,217,545	2,210	302,101	1,683,091	750,875	4,668,709	215,842	33,840,373
Increase capital and share premium	6,443,898	8,969,398	-	-	-	-	-	15,413,296
Profit for the period	-	-	-	-	-	3,109,394	7,906	3,117,300
Dividend of 2012	-	-	-	-	-	(4,194,807)	-	(4,194,807)
Appropriation to reserves	-	-	-	23,094	15,271	(54,171)	(1,905)	(17,711)
Increase due to financial statements translation for consolidation purpose	-	-	18,394	-	-	-	-	18,394
Other adjustments	-	-	-	(1,776)	(1,776)	(20,521)	(5,759)	(29,832)
<b>As at 30/6/2013</b>	<b>32,661,443</b>	<b>8,971,608</b>	<b>320,495</b>	<b>1,704,409</b>	<b>764,370</b>	<b>3,508,604</b>	<b>216,084</b>	<b>48,147,013</b>

As at 31 December 2012, the Bank had made temporarily appropriation to reserves and profit distribution based on the operating results of 2012. The resolution of the Annual Shareholders' Meeting on 13 April 2013 had approved the temporarily appropriated amount and dividend declaration of the year 2012 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 UFJ, 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)**      **FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**26. 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	8,971,608	non-applicable	2,210
	<b>3,266,144,348</b>	<b>41,633,051</b>	<b>2,621,754,537</b>	<b>26,219,755</b>

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	-	-
Par value of shares (VND)	10,000	10,000

**27. 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	360,357	1,259,126
Interest from loans to customers	18,003,947	21,536,118
Interest from debt securities	4,507,738	4,488,347
Interest income from finance leases	82,891	125,999
Other income from credit activities	1,544	2,935
	<b>22,956,477</b>	<b>27,412,525</b>

**28. 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	10,425,746	14,128,463
Interest expense on borrowings	2,052,085	3,427,271
Interest expense on valuable papers issued	1,163,708	804,241
Expense on other credit activities	1,808	8,566
	<b>13,643,347</b>	<b>18,368,541</b>

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

**29. NET GAIN FROM SERVICES**

	<b>From 01/01/2013 to 30/6/2013</b>	<b>From 01/01/2012 to 30/6/2012 (*)</b>
	<b>million VND</b>	<b>million VND</b>
<b>Income from services</b>	<b>938,171</b>	<b>862,115</b>
Income from remittance services	463,133	401,202
Income from treasury and guarantee services	165,878	177,327
Income from trust and agency services	5,499	6,222
Others	303,661	277,364
<b>Expense on services</b>	<b>267,653</b>	<b>243,986</b>
Expense on remittance services	35,591	41,942
Expense from trust and agency services	5,254	5,565
Expense from treasury services	75,594	68,171
Others	151,214	128,308
<b>Net profit from services</b>	<b>670,518</b>	<b>618,129</b>

(\*) Some certain reclassifications were made to enhance the comparability.

**30. NET GAIN FROM TRADING FOREIGN CURRENCIES**

	<b>From 01/01/2013 to 30/6/2013</b>	<b>From 01/01/2012 to 30/6/2012</b>
	<b>million VND</b>	<b>million VND</b>
<b>Income from trading foreign currencies</b>	<b>1,501,588</b>	<b>485,102</b>
- Income from spot trading foreign currencies	311,807	233,677
- Income from trading gold	1,087,436	211,828
- Income from trading derivative financial instruments	102,345	39,597
<b>Expense from trading foreign currencies</b>	<b>1,426,031</b>	<b>290,648</b>
- Expenses from spot trading foreign currencies	113,436	59,732
- Expenses from trading gold	1,081,580	204,940
- Expense from trading derivative financial instruments	231,015	25,976
<b>Net gain from trading foreign currencies</b>	<b>75,557</b>	<b>194,454</b>

**31. NET GAIN FROM TRADING SECURITIES HELD FOR TRADING**

	<b>From 01/01/2013 to 30/6/2013</b>	<b>From 01/01/2012 to 30/6/2012</b>
	<b>million VND</b>	<b>million VND</b>
Income from trading of securities held for trading	10,888	30,231
Expense from trading of securities held for trading	(6,101)	(7,856)
Provision reserved for impairment of securities held for trading	4,432	6,505
<b>Net gain from securities held for trading</b>	<b>9,219</b>	<b>28,880</b>

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

32. 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 in AFS securities	117,663	48,678
Expense from trading investment in AFS securities	-	(482)
Provision (charged) for impairment of investment in AFS securities (see Note 12)	(30,664)	(3,000)
<b>Net gain from investment in AFS securities</b>	<b>86,999</b>	<b>45,196</b>

33. 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
<b>Other operating income</b>	<b>632,606</b>	<b>557,230</b>
Income from recovery of bad debts	485,550	520,001
Income from disposals of assets	2,286	2,983
Income from commodities derivatives	90,062	1,936
Other income	54,708	32,310
<b>Other operating expenses</b>	<b>247,067</b>	<b>56,914</b>
Expenses from commodities derivatives	97,858	8,254
Other expenses	149,209	48,660
<b>Net profit from other activities</b>	<b>385,539</b>	<b>500,316</b>

34. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS

	From 01/01/2013 to 30/6/2013 million VND	From 01/01/2012 to 30/6/2012 million VND
<b>Dividend in cash from capital contribution, equity investments</b>	<b>24,610</b>	<b>15,279</b>
- from equity securities investment	3,158	4,593
- from other long-term investment	21,452	10,686
<b>Share from net profit/loss under equity method of investments in joint ventures</b>	<b>84,196</b>	<b>72,679</b>
	<b>108,806</b>	<b>87,958</b>

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35. 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	25,953	42,646
Staff cost		
- Salaries and allowances	2,088,938	1,667,536
- Salary-based expenses	81,196	85,302
- Other benefits	51,637	6,048
- Social activities expense	758	841
- Other expenses	70,042	91,205
Expenses for fixed assets		
- Depreciation and amortisation expense	421,958	415,344
- Others	365,559	638,117
Expenses for operating management		
- Perdiem	55,016	48,635
- Expense for union activities	8,668	4,282
- Others	1,348,497	1,749,065
Insurance premium for customers' deposit	129,123	99,938
Other provision expenses	4,765	543,321
	<u>4,652,110</u>	<u>5,392,280</u>

(\*) Some certain reclassifications were made to enhance the comparability.

36. 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 expenses for credit losses of loans to credit institutions	144,734	(8,345)
Provision expenses for credit losses of loans to customers (Note 10)	1,686,985	2,297,322
Provision expenses for doubtful receivables	1,154	-
Provision expenses for off-balance sheet commitments (Note 10)	28,225	46,273
	<u>1,861,098</u>	<u>2,335,250</u>

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37. CORPORATE INCOME TAX EXPENSE

	From 01/01/2013 to 30/6/2013 million VND	From 01/01/2012 to 30/6/2012 million VND
<b>Profit before tax</b>	<b>4,136,560</b>	<b>2,791,387</b>
<i>Adjustments for:</i>		
- Dividend income exempted from CIT	(22,927)	(13,035)
- Profit before tax of subsidiaries	(170,093)	(148,306)
- Income from increase in interest in joint ventures	(84,196)	(72,679)
- Changes in general provision for loans for consolidation	(1,246)	2,688
- (Reversal of)/Provision expense for debt securities	(1,125)	-
- Others	48,186	-
<b>Taxable income of the holding Bank</b>	<b>3,905,159</b>	<b>2,560,055</b>
CIT expense of the holding Bank at tax rate 25%	976,290	640,014
CIT expense of subsidiaries	42,970	35,534
<b>CIT expense based on the taxable income</b>	<b>1,019,260</b>	<b>675,548</b>

38. BASIC EARNINGS PER SHARE (EPS)

	From 01/01/2013 to 30/6/2013	From 01/01/2012 to 30/6/2012
Earnings for the purpose of basic EPS (million VND)	3,109,394	2,105,338
Weighted average number of ordinary shares for the purpose of basic earnings shares	2,792,642,443	2,392,785,266
Earnings per share (VND)	1,113	880

On 14 May 2013, the Bank only issued new shares for the foreign partner - Bank of Tokyo-Mitsubishi UFJ, Ltd., and increases the charter capital as presented in Note 26 - Capital and Reserves.

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**39. CASH AND CASH EQUIVALENTS**

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

	<u>30/6/2013</u>	<u>31/12/2012</u>
	million VND	million VND
Cash, gold and gemstones (*)	3,279,780	2,511,105
Balances with the State Bank of Vietnam (*)	21,351,292	12,234,145
Current deposit at other credit institutions (*)	10,426,467	14,475,763
Placements with and loans to other credit institutions with term of less than 3 months	28,187,975	26,364,975
Securities with maturity of not exceeding three months from the date of purchase	-	3,728,000
	<u>63,245,514</u>	<u>59,313,988</u>

(\*) 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.

**40. COLLATERALS AND MORTGAGES**

**40.1 Type and value of collaterals and mortgages**

	<u>Carrying value (million VND)</u>	
	<u>30/6/2013</u>	<u>31/12/2012</u>
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
	<u>618,970,442</u>	<u>597,416,727</u>

**40.2 Collaterals and mortgages held by the Bank which are permitted to sell 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.

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**41. 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 consolidated 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, and 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.

**Detail of contingent liabilities and commitments as at 30 June 2013:**

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

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**42. 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:**

<b>Related parties</b>	<b>Relationship</b>
The State Bank of Vietnam	Direct owner
Indovina Bank Ltd.	Joint Venture
Vietinbank Aviva Life Insurance Ltd.	Joint Venture

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

<b>Related parties</b>	<b>Transactions</b>	<b>From 01/01/2013 to 30/6/2013</b>
		<b>million VND</b>
The State Bank of Vietnam	Increase deposits with related party	9,117,147
The State Bank of Vietnam	Decrease borrowings from related party	(2,575,572)
Indovina Bank Ltd.	Increase deposits and loans to related party	500,000
Indovina Bank Ltd.	Decrease deposits from related party	(197,075)
Vietinbank Aviva Life Insurance Ltd.	Decrease deposits from related party	(230,020)

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

<b>Related parties</b>	<b>Transactions</b>	<b>Receivables</b>	<b>Payables</b>
		<b>million VND</b>	<b>million VND</b>
The State Bank of Vietnam	Demand deposits and compulsory reserves	21,351,292	-
The State Bank of Vietnam	Borrowings	-	42,430
Indovina Bank Ltd.	Deposits and loans	2,500,000	4,360,885
Vietinbank Aviva Life Insurance Ltd.	Deposits	-	138,312

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

As at 30 June 2013:

	Total loan balance	Total placements (assets)	Total deposits (liabilities)	Credit commitments	Derivatives (Total transaction value in contracts)	Securities trading and investment (Difference between debit - credit)
	million VND	million VND	million VND	million VND	million VND	million VND
Domestic	377,358,801	34,487,699	387,636,230	15,136,685	30,353	77,820,862
Overseas	802,120	5,382,716	630,061	36,222,509	-	-
	<b>378,160,921</b>	<b>39,870,415</b>	<b>388,266,291</b>	<b>51,359,194</b>	<b>30,353</b>	<b>77,820,862</b>

**44. FINANCIAL INSTRUMENTS**

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

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

**Financial assets**

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

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

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

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

- A 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.

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44. FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

• *Held-to-maturity investments:*

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

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

• *Loans and receivables:*

Loans and receivables are non-derivative financial assets with fixed or determinable payments and 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 non-derivative financial assets that are designated as available for sale or are not classified as:

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

Financial liabilities

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

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

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44. FINANCIAL INSTRUMENTS (Continued)

Financial liabilities (Continued)

• *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 consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize 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, 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

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44. 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, Ratings and 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 45, 46, 47 and 48.

**Determination of fair value of financial instruments**

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

The Bank's financial instruments are detailed as follows:

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**44. FINANCIAL INSTRUMENTS (Continued)**

	Carrying value		Fair value	
	(Excluding provisions)		30/6/2013	
	30/6/2013	31/12/2012	million VND	31/12/2012
	million VND	million VND	million VND	million VND
<b>Financial assets</b>				
Cash on hand, gold and gemstones	3,279,780	2,511,105	3,279,780	2,511,105
Balances with the State Bank of Vietnam	21,351,292	12,234,145	21,351,292	12,234,145
Placements with and loans to other credit institutions	62,072,780	57,890,220	(*)	(*)
Trading securities - Equity securities with market price reference	11,415	26,504	10,665	16,790
Trading securities - Equity securities without market price reference	176,961	257,763	(*)	(*)
Trading securities - Debt securities	265,000	-	(*)	(*)
Derivative financial instruments and other financial assets	-	74,451	(*)	(*)
Loans to customers	334,607,264	333,356,092	(*)	(*)
Investment securities - Equity securities with market price reference	145,023	145,023	49,452	75,511
Investment securities - Equity securities without market price reference	325,337	133,945	(*)	(*)
Investment securities - Debt securities	76,897,126	73,297,671	(*)	(*)
Other long-term investments	322,248	327,109	(*)	(*)
Other receivables	648,400	621,309	(*)	(*)
Interest and fee receivables	8,375,491	7,943,559	(*)	(*)
Other assets	113,103	143,304	(*)	(*)
	<b>508,591,220</b>	<b>488,962,200</b>		
<b>Financial liabilities</b>				
Borrowings from the Government and the SBV	256,228	2,785,374	(*)	(*)
Deposits and borrowing from other credit institutions	80,785,438	96,814,801	(*)	(*)
Deposits from customers	307,267,055	289,105,307	(*)	(*)
Derivative financial instruments and other financial liabilities	30,353	-	(*)	(*)
Grants, trusted funds and borrowings at risk of the credit institution	28,449,477	33,226,708	(*)	(*)
Valuable papers issued	28,820,524	28,669,229	(*)	(*)
Accrued fee and interest expenses	5,108,329	3,615,577	(*)	(*)
Other payables and liabilities	19,952,633	11,223,665	(*)	(*)
	<b>470,670,037</b>	<b>465,440,661</b>		

(\*) 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.

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**44. 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, gold and gemstones	-	-	3,279,780	-	3,279,780
Balances with the State Bank of Vietnam ("SBV")	-	-	21,351,292	-	21,351,292
Placements with and loans to other credit institutions	-	-	62,072,780	-	62,072,780
Trading securities	453,376	-	-	-	453,376
Loans to customers	-	-	334,607,264	-	334,607,264
Investment securities	-	2,250,000	-	-	2,250,000
Other long-term investments	-	-	-	75,117,486	75,117,486
Other receivables	-	-	648,400	-	648,400
Interest and fee receivables	-	-	8,375,491	-	8,375,491
Other assets	-	-	113,103	-	113,103
	<b>453,376</b>	<b>2,250,000</b>	<b>430,448,110</b>	<b>75,439,734</b>	<b>508,591,220</b>

**Classification of financial liabilities as at 30 June 2013:**

Except for derivative financial instruments recognised as the Bank's liabilities and measured at fair value. All the financial liabilities of the Bank as at 30 June 2013 are classified as financial liabilities measured at amortised cost.

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**45. 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 1 January 2013 to 30 June 2013, to stabilise the exchange rates, the State Bank of Vietnam took a number of measures such as putting restrictions on the types of entities eligible to borrow in 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 at the beginning of the year, 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 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.

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**45. CURRENCY RISK (Continued)**

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

ITEM	EUR equivalent	USD equivalent	Gold equivalent	Other currency	Total
	million VND	million VND	million VND	equivalent million VND	million VND
<b>Assets</b>					
Cash, gold and gemstones	69,167	614,546	2,555,991	40,076	3,279,780
Balances with the State Bank of Vietnam	-	2,558,575	18,792,717	-	21,351,292
Placements with and loans to other credit institutions (*)	201,147	17,374,209	44,308,201	189,223	62,072,780
Trading securities (*)	-	-	453,376	-	453,376
Derivative financial instruments and other financial assets	-	-	-	-	-
Loans to customers (*)	1,684,817	64,426,633	268,495,814	-	334,607,264
Investment securities (*)	-	-	77,367,486	-	77,367,486
Long-term investments (*)	-	1,392,058	1,370,831	-	2,762,889
Fixed assets	-	-	5,371,078	-	5,371,078
Other assets (*)	762,325	1,671,963	18,369,776	-	20,804,064
<b>Total assets</b>	<b>2,717,456</b>	<b>88,037,984</b>	<b>437,085,270</b>	<b>229,299</b>	<b>528,070,009</b>
<b>Liabilities and owners' equity</b>					
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	41,598,964	-	80,785,438
Deposits from customers	5,846,040	26,631,051	274,761,461	28,503	307,267,055
Derivative financial instruments and other financial liabilities	-	30,353	-	-	30,353
Grants, trusted funds and borrowings at risk of the credit institution	269,198	7,182,726	20,997,553	-	28,449,477
Valuable papers issued	1,131	6,117,353	22,702,040	-	28,820,524
Other liabilities (*)	91,520	761,299	27,119,349	8,534	27,980,702
Capital and reserves	-	-	47,930,929	-	47,930,929
<b>Total liabilities and owners' equity</b>	<b>6,345,734</b>	<b>79,801,369</b>	<b>435,336,566</b>	<b>37,037</b>	<b>521,520,706</b>
<b>Balance sheet currency position</b>	<b>(3,628,278)</b>	<b>8,236,615</b>	<b>1,748,704</b>	<b>192,262</b>	<b>6,549,303</b>
<b>Off-balance sheet currency position</b>	<b>3,457,636</b>	<b>33,017,809</b>	<b>14,756,643</b>	<b>127,106</b>	<b>51,359,194</b>
<b>Total currency position</b>	<b>(170,642)</b>	<b>41,254,424</b>	<b>16,505,347</b>	<b>319,368</b>	<b>57,908,497</b>

(\*) Excluding risk provision.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
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**46. INTEREST RATE RISK**

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

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

The effective interest rate re-pricing term of the assets and liabilities is the remaining period from the date of the consolidated 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' asset and liabilities:

- Cash, gold and gemstones, long-term investment and other assets (fixed assets, investment properties and other assets) are classified as non-interest-bearing items;
- Balance at the SBV are considered settlement deposit, thus the effective interest rate re-pricing term is assumed to be within one month;
- The effective interest rate re-pricing term of investment securities and trading securities is determined based on the time to maturity from the balance sheet date of each securities;
- The effective interest rate re-pricing term of placements with and loans to other credit institutions; loans to customers; borrowings from the Government and the SBV; deposits and borrowing from other credit institutions; deposits from customers are determined as follows:
  - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined based on the time to maturity from the date of these consolidated financial statements;
  - Items with floating interest rate: the effective interest re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the date of these consolidated financial statements;
- The effective interest rate re-pricing term of valuable papers is determined based on the actual time to maturity of each valuable paper issued;
- The effective interest rate re-pricing 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 are as follows:***

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 rate is forecasted to decline, the Bank will focus on long-term investments to increase profitability. Conversely, if interest rates are forecast 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's management, the Bank's fund balance and regulations of the State Bank of Vietnam. Fund is mobilized mainly with short interest rate re-pricing term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN  
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46. INTEREST RATE RISK (Continued)

*The Bank's interest rate risk policies are as follows (Continued)*

Lending activities: The Bank determines lending interest rate based on the funding cost, management expenses, risk consideration, collateral value and market interest rate to ensure the competitiveness as well as 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 construction 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 enhanced the Bank's capital and interest management; the Bank also completed 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.

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

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

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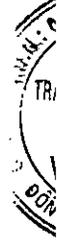
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**46. INTEREST RATE RISK (Continued)**

30/6/2013	Non - interest bearing million VND	Overdue					Current					Total		
		Over 3 months	Within 3 months	Within 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	million VND	million VND		million VND	
<b>Assets</b>														
Cash, gold and gemstones	3,279,780	-	-	-	-	-	-	-	-	-	-	-	-	3,279,780
Balances with the State Bank of Vietnam	-	-	-	21,351,292	-	-	-	-	-	-	-	-	-	21,351,292
Placements with and loans to other credit institutions (*)	-	-	-	42,081,993	13,743,666	4,372,985	1,874,136	-	-	-	-	-	-	62,072,780
Trading securities (*)	188,376	-	-	265,000	-	-	-	-	-	-	-	-	-	453,376
Loans to customers (*)	-	7,389,666	2,456,483	226,160,085	55,209,389	35,723,723	3,871,739	3,006,859	789,320	334,607,264				
Investment securities (*)	470,360	-	-	1,269,410	6,164,855	5,866,005	3,853,034	55,803,809	3,940,013	77,367,486				
Long-term investments (*)	2,762,889	-	-	-	-	-	-	-	-	-	-	-	-	2,762,889
Fixed assets	5,371,078	-	-	-	-	-	-	-	-	-	-	-	-	5,371,078
Other assets (*)	20,804,064	-	-	-	-	-	-	-	-	-	-	-	-	20,804,064
<b>Total assets</b>	<b>32,876,547</b>	<b>7,389,666</b>	<b>2,456,483</b>	<b>291,127,780</b>	<b>75,117,910</b>	<b>45,962,713</b>	<b>9,598,909</b>	<b>58,810,668</b>	<b>4,729,333</b>	<b>528,070,009</b>				
<b>Liabilities</b>														
Borrowings from the Government and the SBV	-	-	-	-	-	221,976	-	-	-	-	-	-	-	256,228
Deposits and borrowings from other credit institutions	-	-	-	41,983,839	22,317,792	8,928,294	3,219,659	4,335,854	-	80,785,438				
Deposits from customers	-	-	-	178,033,530	63,491,118	18,461,932	16,510,588	30,769,887	-	307,267,055				
Derivative financial instruments and other financial liabilities	30,353	-	-	-	-	-	-	-	-	-	-	-	-	30,353
Grants, trusted funds and borrowings at risk of the credit institution	-	-	-	5,690,166	11,771,926	5,690,166	2,560,575	2,736,644	-	28,449,477				
Valuable papers issued	-	-	-	9,241,081	1,468,578	275,235	11,495,115	6,340,515	-	28,820,524				
Other liabilities (*)	27,980,702	-	-	-	-	-	-	-	-	27,980,702				
<b>Total liabilities</b>	<b>28,011,055</b>	<b>-</b>	<b>-</b>	<b>234,948,616</b>	<b>99,049,414</b>	<b>33,577,603</b>	<b>33,785,937</b>	<b>44,182,900</b>	<b>34,252</b>	<b>473,589,777</b>				
<b>Balance sheet net interest gap</b>	<b>4,865,492</b>	<b>7,389,666</b>	<b>2,456,483</b>	<b>56,179,164</b>	<b>(23,931,504)</b>	<b>12,385,110</b>	<b>(24,187,028)</b>	<b>14,627,768</b>	<b>4,695,081</b>	<b>54,480,232</b>				
Off-balance sheet commitments affecting to sensitivity with assets and liabilities' interest rate	-	-	-	-	-	-	-	-	-	-				
<b>Total net interest rate gap</b>	<b>4,865,492</b>	<b>7,389,666</b>	<b>2,456,483</b>	<b>56,179,164</b>	<b>(23,931,504)</b>	<b>12,385,110</b>	<b>(24,187,028)</b>	<b>14,627,768</b>	<b>4,695,081</b>	<b>54,480,232</b>				

(\*) Excluding risk provision.



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

Credit risk is the risk that results in the Bank's loss because its customer 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 limits for each counterparty and geographical and industrial concentration, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position as well as solvency of counterparties based on the qualitative and quantitative factors. Credit limits are established for each counterparty based on its risk rating assigned by the credit rating system. Risk rating is subject to regular assessment.

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

**Financial assets overdue but not impaired**

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

	Overdue			
	Under 90 days million VND	91-180 days million VND	181-360 days million VND	Over 360 days million VND
Loans to customers	118,584	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' values are measured in accordance with Decision 493 and Decision 18.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
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**48. LIQUIDITY RISK**

Liquidity risk is defined as the risk that results in the Bank's difficulty in meeting obligations associated with its financial liabilities. Liquidity risk arises because the Bank might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances or when the Bank has to mobilize 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. The Bank also develops fund management report system to calculate liquidity position on a daily basis as well as prepares analysis and forecast reports on future liquidity position on a regular basis.

On a monthly basis, at ALCO Committed meeting, fund balance and liquidity of the Bank is one of the key content to be discussed. Based on analysis and evaluation, ALCO Committee makes recommendations to the Board of Directors and Board of Management to maintain the ability to balance liquidity of the Bank.

In addition, the Bank also maintain 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 trading securities and 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, the 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 dates. 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)**      **FORM B 05/TCTD-HN**  
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**48. LIQUIDITY RISK (Continued)**

Based on the projection of capital adequacy, Treasury Dealing Department creates the Bank's liquidity buffer through purchasing highly liquid valuable papers, which could be converted into cash through secondary market. The Treasury Dealing Department may decide to sell valuable papers to SBV in 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 the actual average balance of deposits in VND and foreign currencies at the SBV is not less than the required level of compulsory reserve. Besides, the Bank also establishes credit limit with other banks 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 centralized 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 date in the Liquidity Risk Report as at 30 June 2013 shows that the Bank' funds are fairly plentiful with 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.

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**48. LIQUIDITY RISK (Continued)**

	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 12 months million VND	From 1 to 5 years million VND		Over 5 years million VND
<b>Assets</b>								
Cash, gold and gemstones	-	-	3,279,780	-	-	-	-	3,279,780
Balances with the State Bank of Vietnam	-	-	21,351,292	-	-	-	-	21,351,292
Placements with and loans to other credit institutions (*)	-	-	42,281,208	13,544,451	6,247,121	-	-	62,072,780
Trading securities (*)	-	-	453,376	-	-	-	-	453,376
Loans to customers (*)	7,389,666	2,456,483	32,476,112	87,685,501	139,647,279	55,209,390	9,742,833	334,607,264
Investment securities (*)	-	-	1,357,468	6,173,763	9,690,364	56,025,977	4,119,914	77,367,486
Long-term investments (*)	-	-	-	-	-	-	2,762,889	2,762,889
Fixed assets	-	-	-	-	-	-	5,371,078	5,371,078
Other assets (*)	-	-	-	-	83,128	-	20,720,936	20,804,064
<b>Total assets</b>	<b>7,389,666</b>	<b>2,456,483</b>	<b>101,199,236</b>	<b>107,403,715</b>	<b>155,667,892</b>	<b>111,235,367</b>	<b>42,717,650</b>	<b>528,070,009</b>
<b>Liabilities</b>								
Borrowings from the Government and the SBV	-	-	-	-	221,976	-	-	221,976
Deposits and borrowings from other credit institutions	-	-	40,414,360	24,222,647	12,111,323	4,037,108	-	80,785,438
Deposits from customers	-	-	85,939,776	76,708,810	113,848,582	30,769,887	-	307,267,055
Derivative financial instruments and other financial liabilities	-	-	30,353	-	-	-	-	30,353
Grants, trusted funds and borrowings at risk of the credit institution	-	-	5,619,623	11,855,167	8,236,688	1,315,457	1,422,542	28,449,477
Valuable papers issued	-	-	1,753,654	1,554,096	19,172,259	6,340,515	-	28,820,524
Other liabilities (*)	-	-	3,455,994	6,400,801	13,941,467	4,182,440	-	27,980,702
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>137,213,760</b>	<b>120,741,521</b>	<b>167,532,295</b>	<b>46,645,407</b>	<b>1,456,794</b>	<b>473,589,777</b>
<b>Net liquidity difference</b>	<b>7,389,666</b>	<b>2,456,483</b>	<b>(36,014,524)</b>	<b>(13,337,806)</b>	<b>(11,864,403)</b>	<b>64,589,960</b>	<b>41,260,856</b>	<b>54,480,232</b>

(\*) Excluding risk provision.

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

**50. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AT THE END OF THE ACCOUNTING 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
SGD	16,639	16,967
CAD	20,054	20,849
AUD	19,275	21,575
NZD	16,330	17,079
THB	677.86	679
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

**51. SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE**

On 13 July 2013 in Hanoi, the Bank held the second Extraordinary General Shareholders' Meeting (GSM) of 2013. The GSM approved the capital increase of VietinBank in 2013, the dividend distribution of 2012 in cash at the rate of 16% on capital excluding the issuance of additional shares to the strategic shareholder - Bank of Tokyo Mitsubishi UFJ, Ltd. (BTMU); and shares issuance at par value to existing shareholders at the rate of 14% of the charter capital at the time of the issuance (including the buying right of the strategic foreign shareholder BTMU). Implementation period is expected in the third quarter of 2013. Besides, at the meeting, the shareholders approved the Bank's Charter amendment and changes in personnel of the Bank's Board of Directors. On 15 August 2013, the Governor of the State Bank of Vietnam issued Document No. 5832/NHNN-TTGSNH approving 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.

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**52. COMPARATIVE FIGURES**

Comparative figures in the consolidated balance sheet are those in the audited consolidated financial statements for the year ended 31 December 2012. Comparative figures in the consolidated income statements and consolidated cashflow statement are those in the reviewed consolidated financial statements for the period from 01 January 2012 to 30 June 2012. In the period, the Bank had reclassified certain investments from long-term investments to investment securities, and certain reclassifications have been made to the prior period's figures to enhance the comparability of information.

Items	Consolidated financial	Difference	Consolidated financial
	statements for the year ended 31/12/2012		statements for the period from 01/01/2013 to 30/6/2013
	million VND	million VND	million VND
Investments in associates	45,057	(45,057)	-
Available-for-sale investment securities	71,081,582	45,057	71,126,639

Preparer



**Ha Quang Vu**  
Head of Financial Accounting  
Management Department

27 August 2013

Approver



**Nguyen Hai Hung**  
Chief Accountant

Approver



**Nguyen Van Du**  
Deputy General Director

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