



VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

# ANNUAL REPORT 2010



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**“Reliable - Efficient - Modern”**



*Chairman of the Board of Directors*  
**Dr. PHAM HUY HUNG**

# MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

## Ladies and gentlemen!

In the year of 2010, the global economy has escaped from the trough of the economic crisis and shown signals of recovery, economic stable recovery have yet to be in place. The European debt crisis is still shadowing the global economic landscape.

In this difficult year, the Government of Vietnam continues to manage policies with flexibility in order to reduce adverse impact from external forces on the domestic economy and cope with internal difficulties. Encouragingly, as a result of all efforts, Vietnam economy has achieved better performance than in 2009, with GDP growth rate of 6.78%, exports increase by 25.5%, industrial production growth by 14.3%, and realized FDI of approximately USD 10 billion US, an increase by 9.9%.

For the banking industry, business environment in the year is getting fiercer while market forces move rapidly and have direct impacts on banking operations. Fortunately, under tight supervision of the State Bank of Vietnam, Vietnam banking industry has contributed greatly to the common performance of the nation.

In this year 2010, Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) continues to harvest encouraging results, achieve excellent performance for assigned business criteria, and contribute good devotion to the cause of industrialization-modernization of the country, stabilizing the local economy. The Bank also actively performs all directive resolutions from the Government and monetary directives from the State Bank of Vietnam, increasingly showing its status as a leading commercial bank in Vietnam.

Some highlights from VietinBank 2010 business performance are total assets increase by 51%, total mobilized funds increase by 54%, total investment and loans increase by 52%, total loans by 43.5%, and non-performing loans stays low at 0.66%. Profit before tax is VND 4,598 billion, an increase of 36% compared to 2009 and 15% higher than the plan set by the General Shareholders' Meeting. Besides, compensation and benefit for the Bank staff continue to improve with remuneration fund increased by 15%, tax contribution of VND 1,400 billion, and profit contribution to the Government of VND 1,800 billion.

In the same year, VietinBank is actively expanding its branch

network and currently rank second in Vietnam in terms of total assets and shareholders' equity. At present, there are 1093 VietinBank branches and sub-branches all over 63 cities and provinces of the country. VietinBank is expanding overseas as well. In 2010, our Representative Office in Frankfurt, Germany was opened, and an opening ceremony for a branch is scheduled for the third quarter of 2011. At the same time, equitization and capitalization processes continue to be the focus. In 2010 alone, VietinBank has increased capital by more than 3000 billion dong and signed an cooperation and investment agreement with IFC, officially selecting IFC to be the first foreign strategic shareholder. The Bank is in negotiation with the Bank of Nova Scotia from Canada as another strategic shareholder.

In 2011, VietinBank plans to further our equitization and capital increase pace in order to ensure safety in business operations, invest in banking modernization technology, standardize governance, products and services, step by step integrating into global system and enhancing VietinBank brand identity both in domestic and overseas markets. Our Bank also plans to perform the 2015 Vision to become the leading, efficient, and modern banking financial group of the economy. In 2011, VietinBank sets the following targets: total assets increase by 20%, total mobilized funds by 20%, loans and investments by 20%, non-performing loans stay below 3%, net profit before tax increases by 11%, charter capital increases to 20-25 trillion dong, and CAR ratio exceeds 9%.

We sincerely believe that under insightful directions and guidance of the Party, the State, and close supervision of the Government and State Bank of Vietnam, together with high efforts and consensus of the whole VietinBank system, VietinBank will surely achieve higher and higher successes in 2011.

**Chairman of the Board of Directors**



**Dr. PHAM HUY HUNG**

# BUSINESS PROFILE

## Milestones

### Establishment

VietinBank was established on March 26th, 1988, upon its separation from the State Bank of Vietnam under Decree No. 53/HĐBT issued by the Council of Ministers.

### Listing

Following the successful IPO of December 25th, 2008 on Ho Chi Minh Stock Exchange (HOSE), the day 16th July 2009 saw 121.2 million shares of VietinBank listed as CTG on HOSE.

## Other important events

**Apr 15  
2008**

VietinBank adopted its current transaction name VietinBank from the old name Incombank.

**Jul 31  
2008**

VietinBank was awarded with ISO 9001-2000 Certificate for credit, guarantee, and payment operations.

**Jul 08  
2009**

VietinBank announced to change to Vietnam Joint Stock Commercial Bank for Industry and Trade from Vietnam Commercial Bank for Industry and Trade, under License for Business and Operation no. 142/GP-NHNN dated July 3rd, 2009 issued by the State Bank Governor.

**Oct 10  
2010**

VietinBank signed Cooperation and Investment Agreements with the International Finance Corporation (IFC) in Hanoi

**Oct 20  
2010**

VietinBank was re-granted a new Business Registration Certificate with Tax ID 0100111948 in place of the old one dated July 3rd, 2009. In this new Certificate, registered capital increased to more than 15,000 billion dong, a 34.8% increase compared to the old level.

SHAREHOLDERS' EQUITY INCREASED BY

46%

IN 2010

## Development

### Scope of Business

At present, VietinBank provides wholesale and retail services both in domestic and overseas markets, services for loans and investments, trade finance, guarantee and counter-guarantee, forex trading, deposits, payment, remittance, card services, issuance and credit card payment in domestic and overseas markets, travellers' checks, securities trading, insurance, financial leasing, and many other banking-financial services.

### Performance

#### 2010 highlights:

	Unit	31/12/2010	Compared to 2009
Total assets	Bil. Dong	367,712	151%
Chartered capital	Bil. Dong	15,173	135%
Shareholders' Equity	Bil. Dong	18,372	146%
Total mobilized funds	Bil. Dong	339,699	154%
Total loans (*)	Bil. Dong	234,204	143.5%
Profit before tax	Bil. Dong	4,598	136%
CAR	%	8.02%	
ROE (**)	%	22.1%	
NPLs ratio	%	0.66%	

(\*) Does not include borrowing from and repo transactions with the State Bank of Vietnam.

(\*\*) ROE = Net profit after tax / Average shareholders' equity.

### Business Orientation

In 2011, VietinBank plans to further the post-equitization and capital increase processes to ensure safety in operation. The Bank also plans to continue investing in banking modernization technology, standardizing overall governance, procedures, products and services, step by step integrating into the global financial system. The ultimate aim is to perform Vision 2015: to become the leading, modern, and efficient banking and financial group of the economy.

#### Strategy of Assets and Capital

- Annual average growth rate of total assets 20-22%;
- Acceleration of post-equitization process to increase shareholders' equity, in order to meet the requirement of future growth and development, especially to ensure proper capital adequacy ratios;
- Diversification of ownership while keeping the Government stake of at least 51%.

#### Strategy of Credit and Investment

- Credit operations remain key operations and stay market competitive;
- Adjust credit structure appropriately, suitable for VietinBank advantages;
- Enhance credit risk management quality, ensuring NPLs below 3%;
- Diversify credit and investment activities in financial markets, remain a market maker, and enhance capital employment and liquidity management efficiencies.

#### Strategy of Services

- Diversify fee-based banking services while identifying key services for further development;
- Use modern technology as the foundation for customer-centric services development.

#### Strategy of Human Resources

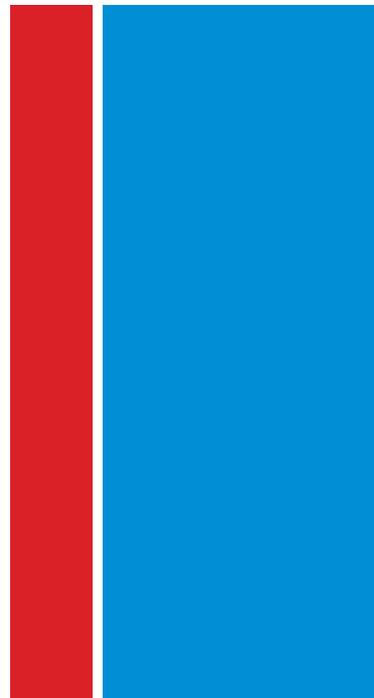
- Standardize human resources, reinforce training and enhance staff capacities;
- Innovate and refine employment and remuneration mechanisms;
- Building a work force highly competent and professional;
- Completely comply with Internal Labor Regulation and Corporate Culture.

#### Strategy of Technology

- Consider technological applications the key element to support business development;
- Establish a unified, modern, and secured information technology system, one which is highly integrated, stable, and centralized.

#### Strategy of Organization and Management

- Manage the organization with reasonable and clear hierarchy;
- Develop and establish subsidiaries in order to provide a full range of financial products to the market;
- Expand business network, establish new branches and transaction offices;
- Strongly develop retail banking system.



# REPORT FROM THE BOARD OF DIRECTORS

## Performance Highlights

The year of 2010 continues to be a difficult and challenging year for the economy and the banking industry. However, under the supervision of the Party, the Government, and directly of the State Bank of Vietnam, under the direction of the Board of Directors and the Board of Management, together with high efforts of all staff within VietinBank system, the Bank has achieved many encouraging performance results. Moreover, the financial results of the Bank are higher compared to previous years.

	Unit	Plan	Results	Change
Total assets	Bil. Dong	292,500	367,712	Exceeded
Chartered capital	Bil. Dong	18,000-20,000	15,172	(*)
Total mobilized funds	Bil. Dong	265,000	339,699	Exceeded
Mobilized funds growth rate	%	20%	54%	
Total loans	Bil. Dong	204,000	234,204	Exceeded
Total loans growth rate	%	25%	43.5%	
Profit before tax	Bil. Dong	4,000	4,598	Exceeded
Profit after tax	Bil. Dong	3,000	3,414	Exceeded
ROE	%	18% - 19%	22.1%	Exceeded
ROA	%	1.53%	1.50%	(**)
NPLs ratio	%	< 2.5%	0.66%	Satisfied
CAR	%	> 10%	8.02%	(***)
Dividend	%	14%	17%	Exceeded

### Note:

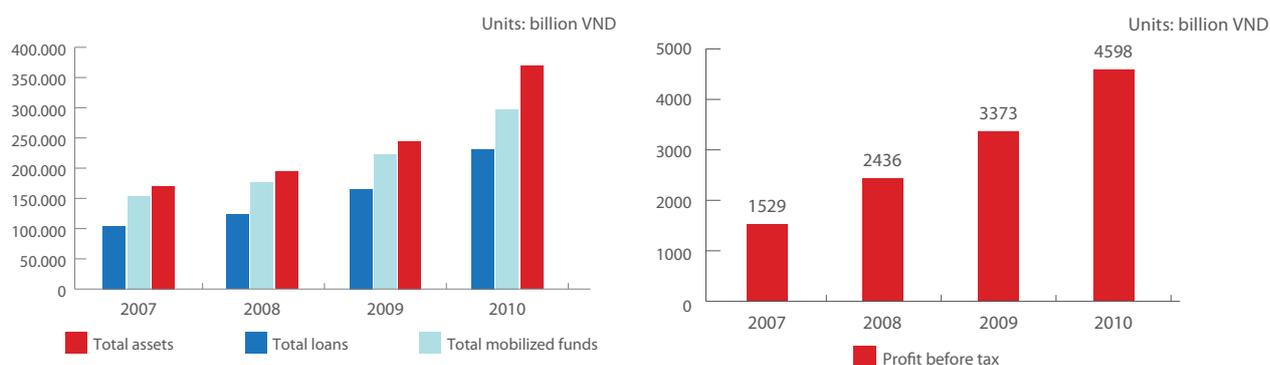
(\*) Share sale to IFC was not finished in Quarter 4 of 2010 therefore chartered capital did not increase as planned. On March 10th, 2011, IFC completed disbursement of 3,540.2 billion dong to be the capital contribution for VietinBank, increasing the total chartered capital to 16,858,101 million dong. As of March 10, 2011, VietinBank equity was 20,379,293 million dong. In addition, VietinBank is negotiating with the Bank of Nova Scotia through consultant JP Morgan Chase. Until now, two parties have had preliminary discussions on share sale.

(\*\*) In 2010, VietinBank total assets increase, but the local monetary market faces pressures from policies and inflation, etc., leading to fierce competition in capital. Despite this fact, mobilized capital growth of VietinBank for 2010 achieves 54%. Moreover, capital use is focused on key projects and industries as approved by the Government in order to create high economic and social benefits, especially concentrated loans are extended to exports, agriculture development programs, and SMEs support loan programs, etc. according to Resolutions 18/NQ-CP and 02/NQ-CP of the Government. Therefore, ROA was not as high as expected. Despite this fact, however, profit before tax is 4,598 billion dong, 15% exceeding

TOTAL ASSETS WAS  
 VND **367,712** BILLION  
 BY YEAR-END 2010

the plan set by the General Shareholders' Meeting.

(\*\*\*) 2010 CAR is 8.02%, lower than the targeted plan due to the fact that capital increase from selling shares to foreign investor did not meet up its time schedule. On March 10, 2011, upon IFC investment, the ratio for CAR will be more than 9%.



## Future Prospects and Plans

In the year of 2011, the year expected to be full of difficulties and challenges to the economy, especially to the banking industry, important and urgent tasks set by the Government and the National Assembly are: curbing inflation, stabilizing macro - economy, ensuring social betterment. Based on analyses of economic conditions and the Bank's competitive advantages, VietinBank Management has agreed on the development plan for 2011 as follows:

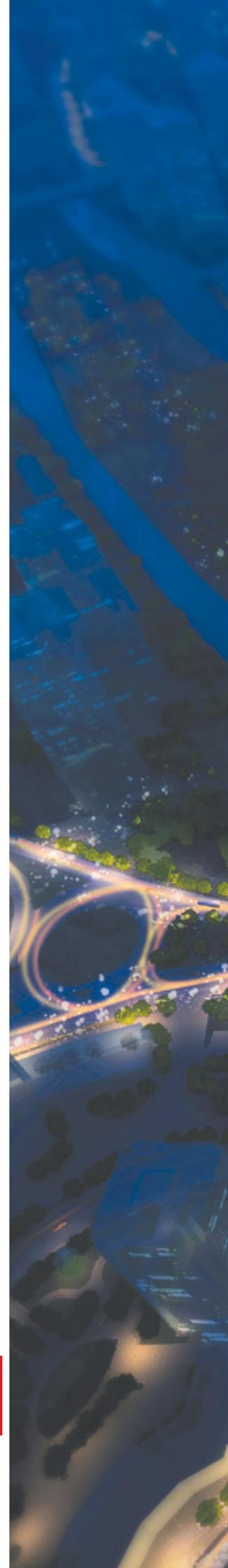
- (i) Continue to accelerate post-equitization processes, enhancing competitiveness and integration.
- (ii) Increase capital to ensure operation safety.
- (iii) Invest in modern banking technology, standardize governance, products and services, procedures, step by step integrating into the global financial system to enhance VietinBank brandname both in domestic and in overseas markets;
- (iv) Realize the Vision 2015: **To become the leading, efficient, and modern banking and financial group for the economy.**

# Financial Targets for 2011

	Unit	Target	% growth compared to 2010
Total assets	Bil dong	441,000	20%
Charter Capital	Bil dong	20,000-25,000	32-65%
Total mobilized funds	Bil dong	408,000	20%
Total loans and investments	Bil dong	419,000	20%
Profit before tax	Bil dong	5,100	11%
Dividend	%	16%	

Financial Ratios	
ROE	16%-18%
ROA	1.2%
CAR	≥ 9%
NPLs ratio	< 3%

VietinBank Tower was launched for construction on October 20th, 2010, with 68-storey and 48-storey twin towers





# REPORT FROM THE BOARD OF MANAGEMENT

## 2010 Business Environment

In 2010, when the global economy still faces difficulties after the global financial crisis and economic recession, Vietnamese economy has soon overcome distressed conditions, step by step recovered and grown relatively fast. GDP 2010 increases by 6.78%, higher than the set plan of 6.5%. Total exports and industrial production values grow strong, contribution to Government budget exceeds plan, investment increases, investment disbursement is efficient.

However, there are disadvantages such as: floods and natural disasters frequently occur, CPI and inflation escalate (to 11.75%), gold price strongly increases to a higher level than world gold price, difference level between the official foreign exchange rate and the unregulated foreign exchange market rate increases and widens too much, all of which are macro instabilities with adverse impacts on civil life, corporate performance, and the whole economy as well as the banking industry throughout the year.

## Financial Results

Despite many disadvantages for business performance as mentioned above, VietinBank always strive to enhance its role as a major commercial bank owned by the Government in performing national monetary and financial resolutions, contributing to the management goals of the Government and the State Bank of Vietnam in curbing inflation, stabilizing the economy and social conditions. Meanwhile, VietinBank manages to achieve stable growth both in assets and shareholders' equity size, and enhance investment loan quality and business efficiency.

### In terms of size

In 2010, VietinBank total assets increase by 51%, total mobilized funds increase by 54%. Total investments and loans increase by 52% compared to 2009, out of which total loans increase by 43.5%, and non-performing loans ratio stays at 0.66%.

### In terms of profit

VietinBank achieves 4,598 billion dong in net profit before tax, outperforming the plan, and this is an increase by 36% compared to 2009. Rates of return stay at healthy levels: ROA is 1.5% and ROE 22.1% (higher than the target committed with to shareholders).

### Profitability (%)

	2010	2009	2008	2007	2006
ROE	22.1%	20.6%	15.7%	14.12%	11.33%
ROA	1.5%	1.54%	1.35%	1.01%	0.62%

PROFIT BEFORE TAX IS  
 VND **4,598** BILLION  
 IN 2010

### Changes to shareholders' equity/ contributed capital

	Ratio	Value (in dong)
1. 2010 year beginning chartered capital		11,252,972,800,000
2. 2010 First issuance to increase capital		3,919,318,410,000
• <i>Stock dividends</i>	6.83%	768,486,030,000
• <i>Additional issuance to existing shareholders</i>	28%	3,150,832,380,000
Chartered capital as of 31/12/2010		15,172,291,210,000

### Total number of shares in each share class:

- *Common stock*: 1,517,229,121 shares
- *Outstanding stock*: 1,517,229,121 shares
- *Reserve stock, treasury stock*: 0 share
- *Dividend payout to equity contributors*: January 1st, 2011, VietinBank Board of Directors issued Resolution No. 001/NQ-HĐQT-NHCT44 regarding 2010 dividend advance to shareholders with dividend of 13.47%/share denomination (equivalent to 17% actual time of Chartered Capital in 2010).

## Business Performance Results

### Mobilizing and Using Funds

#### Mobilizing funds

At the end of 2010, total mobilized funds achieved 339 thousand billion dong, increased by 54% compared to 2009 and 28% compared to set target of the General Shareholder's Meeting. Of mobilized funds, deposits from individual weigh 33%, corporate deposit weigh 31%. In addition, VietinBank successfully issues 2 year bonds worth of 5,350 billion dong in order to restructure funding for sustainability.

#### Loans and Investments

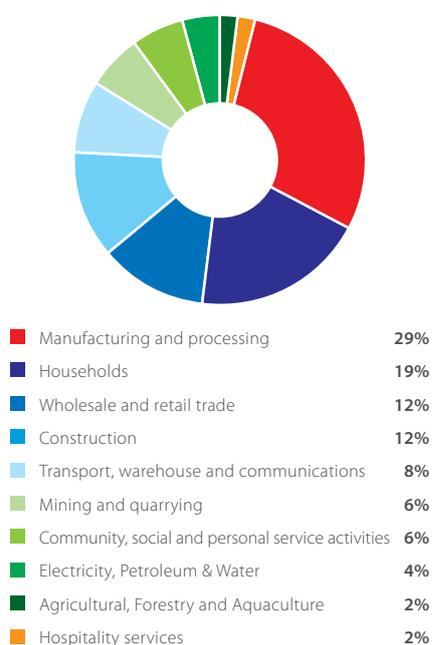
At the end of 2010, loans and investments totaled 349 thousand billion dong, an increase of 52% compared to the beginning of the year.

### Credit activities

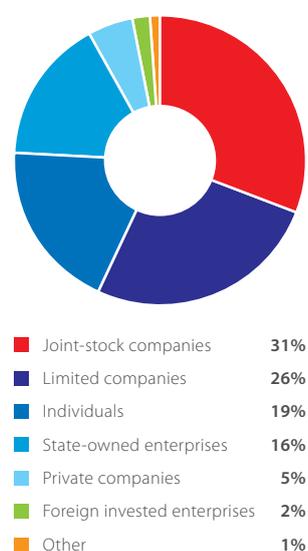
As a major commercial bank owned by the Government, in 2010, VietinBank has financed many key projects for the Government, various industries and provinces, contributing to the industrialization and modernization of the nation. VietinBank also continues to provide loans with a subsidy rate reduction of 2% under the guidance of the Government. Total assets increases by 51%, which shows VietinBank's good efforts in satisfying the demand for funding in the economy, greatly contributing to the GDP growth rate of 6.78% of the nation in 2010.

Total loans as of 31/12/2010 achieve 234 thousand billion dong, an increase of 43.5% compared to the beginning of the year, out of which loans under criteria set in Resolutions 18 and 41, and Order 02, are more than 40 thousand billion dong. Total loans for new customers in 2010 are 34.2 thousand billion dong.

Loan structure by industrial sectors



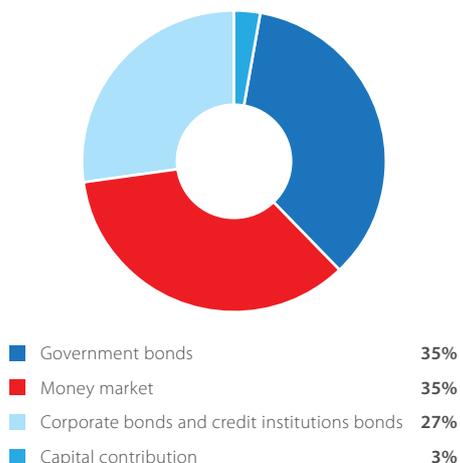
Loan structure by customer type



## Investment

In 2010, investment portfolio is restructured to ensure balance between profit-oriented investments and secondary liquidity reserves. At the end of 2010, total investments amounted to 114 thousand billion dong; an increase by 73% compared to the beginning of the year, and weighed 31% of total assets.

Investment portfolio at VietinBank

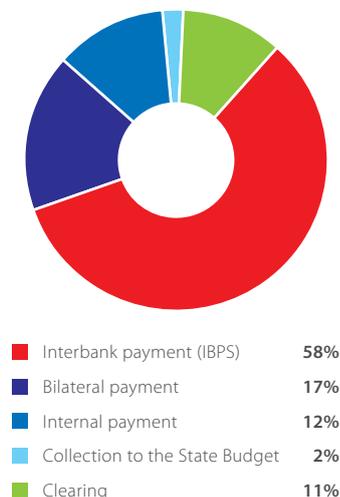


## Fee based Services

### Payment

In 2010, total volume of transactions and payments of VietinBank increases tremendously, payment speed is faster and faster, fostering trust in customers. Number of Payment transactions within the whole system for the year 2010 is more than 13 million, with volume of 4,726 thousand billion dong, an increase of 28% compared to 2009, of which remittance volume is 3,532 thousand billion dong. All payment channels see remarkable growth in revenue compared to 2009.

### VND payment and remittance volume through different channels



*Trade finance and international payment:* Import payment volume achieves 10.29 billion US dollars, an increase of 28.8% compared to 2009. Export payment volume achieves 5.67 billion US dollars, an increase of 26% compared to 2009. In 2010, VietinBank coordinates with SWIFT in upgrading technology system for international payment and trade finance, develops new products such as forfaiting, financing under US GSM 102 Program and expands cooperation with financial institutions to develop new products and attract foreign currency denominated funding.

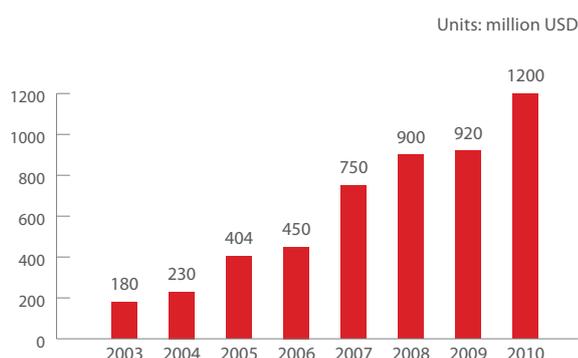
### Foreign Exchange

In 2010, VietinBank has launched flexible product packages to maintain and expand scope of foreign exchange business to meet essential needs of customers and ensure business efficiency. Total volume for forex trading of the system achieves 5 billion US dollars, out of which foreign currency purchase from customers totals nearly 3.8 billion US dollars (more than 50% growth compared to 2009), from other credit institutions nearly 400 million US dollars. On the other side, total volume for forex sale to customers achieves more than 5 billion US dollars, an increase of 18% compared to 2009.

### Overseas Remittance

In 2010, VietinBank continue to offer diversified channels for overseas remittance, including coordination with Western Union for a successful connection platform from server to server (H2H), upgrading overseas remittance module, making available remittance services via phone from the Middle East to Vietnam. Promotion and advertisement, especially those geared towards Vietnamese communities in several markets with high population of Vietnamese labors and Vietnamese dual citizens, are enhanced. As a result, in 2010, remittance volume handled by VietinBank achieves 1.2 billion US dollars, a 30% increase compared to 2009, comprising of 15% market share of overseas remittance to Vietnam.

Overseas remittance volume



### Card and Ebanking Services

During 2010, domestic debit cards issued are approximately 5 million cards, a 18% market share in Vietnam, while credit cards are issued in a volume of 122 thousand cards, a 23% market share. Total POS for VietinBank amount to more than 9,227. Many new products and services are launched in 2010, including those highly regarded products such as Visa debit card, Platinum international credit card, c-branding international credit card, etc.

E-banking services for the year of 2010 also see remarkable improvements. New products are launched, such as web-based collection for the State Budget, non-stop drive toll fee collection service, petroleum payment card, payment service through electronic wallet, SMS transfer, and web-based payment iPay for retail customers, etc. The number of users for those services increases from 100% to 400% compared to targeted plan.

### Information Technology and Corebanking Modernization

In 2010, VietinBank Board of Directors has approved the overall strategy for information technology for the period 2010-2015, including projects relating to infrastructure, service, enhanced management and supervision capacity, and resources concentration. Besides modules provided by Oracles, Microsoft, IBM, etc., VietinBank also build and implement several applications to meet the requirement for expanding business activities such as funds transfer pricing program, off-site supervisory program, personnel management program, remuneration program.

### Human Resource and Scientific Research

After 2 years of comprehensive reform and enhancement program on human resource, VietinBank has established qualified and competent work force both in terms of quantity and quality. VietinBank also applies work monitoring and scoring program to supervise individual performance efficiency, creating incentives for healthy competition within the Bank network. In 2010, VietinBank holds 322 training courses with more than 21,015 attendants, a number of 69% increase compared to 2009. Scientific research and international cooperation according to the Bank's practical requirement have brought about many good applications.

### Remuneration

In 2010, compensation and benefit for VietinBank staff continue to increase. Especially, this is the first year VietinBank conducts the policy of matching salary base level with performance and nature, taking into account geographical advantages and disadvantages of each business region, to ensure equality and unity for all the branches, creating strong incentives for best performance. Besides, VietinBank is hiring foreign consultants to establish a new remuneration mechanism in accordance with international practice.

### Internal Supervision, Internal Audit, and Risk Management

In 2010, VietinBank pays special attention to internal supervision and risk management activities. Each operational function has developed its own internal supervision mechanism to actively discover errors or mistakes immediately upon occurrence.

VietinBank is gradually refining its mechanisms and policies on risk management framework, market and operational risk management, anti-money-laundering procedures, and

simultaneously establishing periodical risk management reports to timely warn of systemic risks.

**Network Expansion**

VietinBank is actively expanding its branch network, and has become the commercial bank ranked second in domestic network in Vietnam with 1,093 branches and sub-branches, a 146 unit increase compared to 2009. In 2010, VietinBank established Representative Office in Frankfurt, and plan to establish 02 branches in Frankfurt and Berlin, Germany in the second quarter of 2011.

**Capital Construction**

In 2010, VietinBank has launched the construction of 29 projects, including notable buildings such as VietinBank Tower, North Ha Noi Branch Building, Tam Diep Branch Building, VietinBank Binh Duong Industrial Zone Branch Building, Storage center in Southern Bien Hoa, etc. Especially, project VietinBank Tower was launched for construction on October 20th, 2010, on the occasion of the grand celebration of 1000 years of Thang Long Ha Noi. This is expected as a regional utmost large and modern project and signature symbol for a future development period of VietinBank.

**Social Responsibility**

For the past years, besides high business efforts in completing tasks assigned by the Party, the State, and the Government, VietinBank has greatly contributed to the cause of building and developing the nation. Especially, in 2010, VietinBank is the leading company in contributing the fund commitment to charity, social responsibility, poverty reduction, and support for more than 57 provinces and cities with a total registered amount of 451 billion dong. Total disbursement has been 364.7 billion dong, where: contribution from expense is 356.2 billion dong, contribution from merits funds is 2.6 billion dong, and contribution from the Bank Trade Union is 5.9 billion dong. The remaining committed amount will be disbursed in 2011.

With many achievements in 2010, VietinBank is honored to be awarded by the Prime Minister, Ministry for Labour, Invalids, and Social Affairs, and other Ministries, for individual and group fulfillment of social responsibility and poverty reduction.



### Development Plan for 2011

#### **Accelerate Post-equitization Process to Increase Competitiveness and Integration Pace**

To meet the targeted pace of development set for 2011 and the other coming years, VietinBank will accelerate the equity increase process to meet requirements of development and growth in the coming years. In first quarter of 2011, VietinBank will complete share sale and subordinate loan agreement process with IFC, then finalize and complete negotiations and discussions with the potential foreign strategic investor Bank of Nova Scotia. Also in 2011, if market conditions allow, convertible bonds or subordinated debt will be issued to increase Tier 2 capital.

#### **Increase Total Assets and Market Share**

**Capital growth is the key element decisive for determining asset size.**

In 2011, besides traditional products and services, VietinBank will focus on improving, researching, and developing new products and services with proper interest rates with added benefits to create both convenience for the customers and momentum for capital increase and cross selling of products.

#### **Credit and investment growth will be supported in a safe and efficient manner**

VietinBank will focus on expanding and growing loan and investment portfolio in a safe and efficient manner geared towards potential industries and sectors.

In lending VietinBank shall actively approach potential customers with good and feasible business plan. Attention will be paid to consumer lending alongside with target credit programs such as lending to agricultural and rural development, export financing, SME lending.

In investment activities, VietinBank continue to diversify investment portfolio in capital market and money market, basing on the appropriate risk appetite. VietinBank maintain the market maker role in bond and valuable paper trading both in primary and secondary market.

#### **Domestic and overseas payment services are continuously improved**

In 2011, VietinBank will continue to improve domestic and overseas payment services in terms of simple procedures and faster service pace, creating extra benefits and convenience for the customers.

#### **Enhance Management and Risk Management Capacities**

With capital contribution of foreign strategic investor, VietinBank will be supported in information technology, management capacity, and risk management. This support will contribute to VietinBank's enhanced competitiveness in this period of global economic integration. From March 1st, 2011, VietinBank will change to centralized capital monitor mechanism, applying funds transfer pricing models in accordance with international practices.

VietinBank continue to enhance the organization structure, credit and investment risk management basing on the bank actual operation and the requirement of best practice.

#### **Accelerate Projects of Upgrading Information Technology and Banking Modernization**

In 2011, VietinBank will continue to accelerate projects of upgrading information technology, preparing the bidding process to purchase new corebanking system, middle-ware, etc. in order to standardize data and modernization modules in a timely manner to supply necessary tools for enhancing governance and competitiveness of VietinBank.

### **Continue to Reinforce and Expand Business Network**

In 2011, VietinBank will reassess the performance of all branches, transaction offices and transaction bureaus, in order to set new measures for improving business performance and continue to research and expand branch network in potential regions, metropolitan areas, commercial areas, and industrial areas. In the second quarter of 2011, VietinBank will open two branches in Germany and conduct procedures to open branches in Laos and Myanmar.

### **Improve Internal Supervision and Internal Audit Activities**

The division of internal supervision and audit will be refined and enhanced in terms of quality from the Head Quarter to branches to actively take the role in supervising operation within VietinBank, ensuring compliance with laws and regulations, and internal guidelines. Internal audit will perform overall auditing of the system operations, from Head Quarter to Branches, wholly-owned subsidiaries, and subsidiaries; organize to collect, analyze, and use information properly; monitor and timely discover mistakes and risks as well as issues to provide feedback to VietinBank Management Board for advice of response measures.

### **Renovate Remuneration Mechanism and Enhance Human Resources Quality**

In 2011, VietinBank will renovate remuneration mechanism in order to accurately reflect efficiency and contribution of staff members. The Bank will also apply a new incentive mechanism to motivate competent staff.

VietinBank will continuously implement training programs for staff members at various levels, continuously evaluate and upgrade training for selected staff members, thereby assigning appropriate work to each staff member according to competency. VietinBank will continue to completely comply with Internal Labour Regulation and Corporate Culture Guidance, ensuring that each VietinBank staff acquire a deep knowledge and thorough awareness of the system's working custom.

### **Invest in Developing Infrastructure and Basic Construction**

VietinBank will continue to accelerate key construction projects such as VietinBank Head Quarter Tower, Head Quarter at 25 Ly Thuong Kiet Street (Ha Noi), 93-95 Ham Nghi (Ho Chi Minh city), etc. and quickly finalize other construction and renovation projects for branches, in order to create excellent infrastructure for the Bank to serve the customers better. In 2011, VietinBank will open and employ the Human Resources Training and Development School in Van Canh (Ha Noi city), and in the same year, will finalize the School extension in Hue. Also, VietinBank plans to finalize all procedures in purchasing office buildings for the operation of branches in Laos and Myanmar.

### **Continue the Commitment in Social Responsibility Programs**

In 2011, VietinBank commits to strengthen its social responsibility programs, partaking in the performance of Resolution no. 30A/2008/NQ-CP of the Government to support quick and sustainable poverty reduction program for 61 poor districts and other charity programs. VietinBank is also implementing the construction for houses, the support for health care programs, educational programs, and community protects to avoid natural disasters for the Middle provinces with more than 300 billion dong.



**“ Reliable - Efficient - Modern**

**Improving the values of life”**

# INFORMATION ON SHAREHOLDERS AND CORPORATE GOVERNANCE

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BOARD OF DIRECTORS

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SUPERVISORY BOARD

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ACTIVITIES OF BOARD OF DIRECTORS, BOARD OF MANAGEMENT, AND SUPPORTING COMMITTEES  
FOR THE BOARD OF DIRECTORS

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TOTAL SHARE PERCENTAGE AND CHANGE TO SHARE PERCENTAGES HELD BY THE MEMBERS ON THE  
BOARD OF DIRECTORS

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STATISTICS ON SHAREHOLDERS/ CONTRIBUTING MEMBERS

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OTHER INFORMATION



**1 Mr. PHAM HUY HUNG**  
Chairman of the Board of Directors

**Education Degree:** Economics Ph.D

**Working Profile:**

**02/1978 - 09/1980 :** Material and Commerce Department, Ministry of Finance

**10/1980 - 06/1988 :** Commerce and Credit Department, State Bank of Vietnam

**07/1988 - 02/1990 :** Deputy Director for Administration Department,  
VietinBank

**02/1990 - 03/1992 :** Deputy Director for Credit Department, VietinBank

**04/1992 - 04/1993 :** Director for Cash and Vault Management Department,  
VietinBank

**05/1993 - 04/1994 :** Branch Deputy Director, VietinBank Ba Dinh Branch

**05/1994 - 10/1996 :** Branch Director, VietinBank Ba Dinh Branch

**11/1996 - 04/2002 :** Deputy General Director, VietinBank

**04/2002 - 07/2002 :** General Director in charge, VietinBank

**07/2002 - 10/2007 :** Board Member and General Director, VietinBank

**11/2007 - 06/2009 :** Chairman of the Board of Directors, Vietnam Bank  
for Industry and Trade

**07/2009 to present :** Chairman of the Board of Directors, Vietnam Joint  
Stock Commercial Bank for Industry and Trade



**2** **Mr. PHAM XUAN LAP**  
Board Member and General Director

**Educational Degree :** Economics Ph.D

**Working profile :**

- 11/1980 - 11/1989 :** Economic Planning Department, State Bank of Vietnam
- 11/1989 - 01/1992 :** Division Director for Economic Planning, State Bank of Vietnam
- 02/1992 - 03/1993 :** Credit Department, VietinBank
- 04/1993 - 03/1994 :** Director for Planning Department, VietinBank
- 03/1994 - 04/1996 :** Managing Director, VietinBank Head Quarter
- 05/1996 - 12/1996 :** Branch Deputy Director, VietinBank Chuong Duong Branch
- 01/1997 - 09/1999 :** Branch Director, VietinBank Ba Dinh Branch
- 10/1999 - 10/2007 :** Deputy General Director, VietinBank
- 11/2007 - 06/2009 :** Board Member and General Director, Vietnam Bank for Industry and Trade (VietinBank)
- 07/2009 to present:** Board Member and General Director, Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank)



**3** **Ms. PHAM THI HOANG TAM**  
Board Member

**Educational Degree :** Economics Ph.D

**Working profile :**

- 01/1982 - 04/1984 :** Credit Officer, State Bank of Vietnam - Ben Tre Branch
- 04/1984 - 05/1987 :** Director for Credit Office, State Bank of Vietnam- Ben Tre Branch
- 06/1987 - 07/1988 :** Deputy Director, State Bank of Vietnam- Ben Tre Branch
- 08/1988 - 05/1991 :** Deputy Director, VietinBank Ben Tre Province Branch
- 05/1991 - 10/1991 :** Director in charge, VietinBank Ben Tre Province Branch
- 11/1991 - 09/1999 :** Director, VietinBank Ben Tre Province
- 10/1999 - 01/2003 :** Deputy General Director, VietinBank
- 02/2003 - 08/2006 :** Deputy General Director, Mekong Housing Bank
- 09/2006 - 06/2009 :** Board Member, and Head of Supervisory Board since September 1st , 2007, Vietnam Bank for Industry and Trade (VietinBank)
- 07/2009 to present:** Board Member, Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank)

## BOARD OF DIRECTORS



**4** Ms. DO THI THUY  
Board Member

**Educational Degree :** Economics Ph.D

**Working profile :**

**02/1982 - 07/1997 :** Lecturer, Hanoi Banking Academy

**08/1997 - 02/2001 :** Credit Officer, VietinBank Head Quarter

**03/2001 - 03/2003 :** Deputy Director, Short Term Credit Department, VietinBank

**04/2003 - 10/2003 :** Director, Short Term Credit Department, VietinBank

**11/2003 - 05/2007 :** Director, Corporate Banking Department, VietinBank

**06/2007 - 07/2008 :** Branch Director, VietinBank Ba Dinh Branch

**08/2008 - 06/2009 :** Board Member, Vietnam Bank for Industry and Trade (VietinBank)

**07/2009 to present:** Board Member, Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank)



**5** Ms. NGUYEN HONG VAN  
Board Member

**Educational Degree :** Master Degree in Banking and Finance

**Working profile :**

**12/1990 - 07/1995 :** Planning Department, VietinBank

**07/1995 - 03/2003 :** Deputy Director, Planning Department, VietinBank

**03/2003 - 03/2006 :** Director, Planning and Investment Department, VietinBank

**03/2006 - 08/2008 :** Director, Planning and ALCO Supporting Department, VietinBank

**09/2008 - 06/2009 :** Board Member, Vietnam Bank for Industry and Trade (VietinBank)

**07/2009 to present:** Board Member, Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank)



**6** **Mr. TRAN XUAN CHAU**  
Board Member

**Educational Degree :** Bachelor of Banking and Finance

**Working profile :**

- 1982** : Bachelor of Economic Planning  
University (now National Economic  
University, Banking Department)
- 02/1983 - 01/1991** : Credit Officer, VietinBank Ba Dinh Branch
- 02/1991 - 07/2008** : Banking Supervision Department,  
State Bank of Vietnam
- 1992** : Division Deputy Director, State Bank  
of Vietnam
- 1993** : Division Director, State Bank of Vietnam
- 04/1998 - 07/2008** : Department Deputy Director,  
State Bank of Vietnam
- 08/2008 - 06/2009** : Board Member, Vietnam Bank for  
Industry and Trade (VietinBank)
- 07/2009 to present**: Board Member, Vietnam Joint Stock  
Commercial Bank for Industry and Trade  
(VietinBank)



**7** **Ms. TRAN THI HONG HANH**  
Board Member

**Educational Degree :** Ph.D Degree

**Working profile :**

- 07/1980 - 11/1990** : Lecturer, Banking Operation School
- 12/1990 - 01/1993** : Post-graduate, Former Soviet Union
- 02/1993 - 03/1993** : Information and Risk Prevention  
Division, Credit Department,  
State Bank of Vietnam
- 04/1993 - 11/1994** : Deputy Director, Information and Risk  
Prevention Division, Credit Department,  
State Bank of Vietnam
- 12/1994 - 04/1998** : Director, Credit Project Evaluation Division,  
Credit Department
- 04/1998 to present**: Deputy Director, Credit Department,  
State Bank of Vietnam
- 07/2009 to present**: Board Member, VietinBank

## SUPERVISORY BOARD



**1 Ms. TRAN THI LE NGA**  
Head of Supervisory Board



**2 Ms. PHAN THI QUY**  
Supervisory Board Member



**3 Ms. PHAM THI THOM**  
Supervisory Board Member

### 1. Ms. TRAN THI LE NGA - Head of Supervisory Board

**Educational Degree :** Master Degree in Economics

**Working profile:**

**04/1984 - 08/1988 :** Credit Officer, State Bank of Vietnam,  
Gia Lam Branch

**09/1988 - 04/1994 :** Credit Officer, VietinBank  
Chuong Duong Branch

**05/1994 - 11/1994 :** Deputy Director, Business Department,  
VietinBank Chuong Duong Branch

**12/1994 - 05/2001 :** Director, International Payment  
Department, VietinBank,  
Chuong Duong Branch

**06/2001 - 03/2003 :** Branch Deputy Director, VietinBank  
Chuong Duong Branch

**04/2003 - 06/2009 :** Branch Director, VietinBank  
Chuong Duong Branch

**07/2009 to present :** Head of Supervisory Board, VietinBank

### 2. Ms. PHAN THI QUY - Supervisory Board Member

**Educational Degree :** Bachelor of Finance

**Working profile :**

**02/1978 - 06/1979 :** Finance Management Improvement Project,  
Ministry of Finance, Ho Chi Minh City

**06/1979 - 12/1980 :** Lecturer, Bac Thai Banking School, Dong Hy,  
Thai Nguyen Province

**01/1981 - 07/1994 :** Lecturer, Banking School No. 4, Son Tay,  
Ha Tay province

**07/1994 - 08/1998 :** Credit Officer, VietinBank Ba Dinh Branch

**09/1998 - 05/2005 :** Credit Officer, Short Term Credit - SME Banking  
Department, VietinBank Head Quarter

**06/2005 - 12/2007 :** Member of Internal Controllers  
Department, VietinBank

**01/2008 - 06/2009 :** Member of Supervisory Board for the  
Board of Directors, VietinBank

**07/2009 to present:** Supervisory Board Member, VietinBank

### 3. Ms. PHAM THI THOM - Supervisory Board Member

**Educational Degree :** Master Degree in Banking and Finance

**Working profile :**

**03/1991 - 09/2001 :** Agribank Ha Noi Branch

**10/2001 - 09/2003 :** Deputy Director, Accounting Department,  
Agribank Ha Noi Branch

**10/2003 - 12/2005 :** Director, Accounting Department,  
Agribank Ha Noi Branch

**01/2006 - 10/2006 :** Accounting Policy Division Finance and  
Accounting Department, State Bank  
of Vietnam

**11/2006 - 12/2008 :** Deputy Director, Accounting Policy  
Division, Finance and Accounting  
Department, State Bank of Vietnam

**01/2009 to present:** Director, Accounting Policy Division, Finance  
and Accounting Department, State Bank of  
Vietnam

**07/2009 to present:** Supervisory Board Member, VietinBank

# Activities of Board of Directors, Board of Management, and Supporting Committees for the Board of Directors

In 2010, VietinBank has issued working rules for the Board of Directors and supporting committees, clearly specifying organization structure, operation mechanism, working principle, policies, and agenda as well as qualification, rights and responsibilities, benefits and obligations of each Member. Thereby the following is clearly defined:

**The Board of Directors** is the governing body of VietinBank, with full rights and authority to perform all obligations on behalf of VietinBank, excluding issues under the power of the General Shareholder’s Meeting. The Board is responsible for strategic decisions, development plans, business plans for each year of VietinBank. It also performs all functionality and basic tasks in leading and supervising business management process of the Board of Management and General Director of VietinBank.

**Supporting Committees for the Board of Directors** work according to working rules, regulations with clearly and transparently defined authority levels. The supporting committees for the Board of Directors consist of 5 supporting committees (including Policy Committee, Risk Management Committee, Asset-Liability Management Committee, Human Resource Committee, IT Strategy Committee), Secretariat, Information and Communication Department. Each Committee works according to its own working rules clearly separating organization structure, working rules, as well as conditions, qualifications, responsibilities, rights, and benefits of each member. These committees are constantly operating in supporting and consulting for the Board of Directors in setting goals and organize the working structure within VietinBank system.

**VietinBank Supervisory Board** works in accordance with its own organization and working rules with the basic principle: the Supervisory Board is the authority working independent of the Board of Directors and the Board of Management, and representative for the General Shareholders’ Meeting in supervising operation and legal compliance of the Board of Directors and the General Director in managing and directing VietinBank operations. The Supervisory Board takes all legal responsibilities and responsibilities before the General Shareholders’ Meeting in performing its assigned rights and tasks.

# Total Share Percentage and Change to Share Percentages Held by the Members on the Board of Directors

There is no change in the percentage of shares held by the Members on the Board of Directors.



## Statistics on Shareholders/ Contributing Members

### Percentage of Share holding

	Domestic Shareholders		Foreign Shareholders		Total	
	Value	(%)	Value	(%)	Value	(%)
Total equity	14,960,884,840,000	98.61	211,406,370,000	1.39	15,172,291,210,000	100
Government	13,538,084,790,000	89.23	0	0	13,538,084,790,000	89.23
Founding Shareholders	0	0	0	0	0	0
Shareholders holding more than 5% of shares	0	0	0	0	0	0
Shareholders holding from 1 to 5% of shares	0	0	0	0	0	0
Shareholders holding below 1% of shares	1,057,883,530,000	6.97	211,406,370,000	1.39	1,269,289,900,000	8.36
Bank Trade Union	364,916,520,000	2.41	0	0		2.41
Treasury shares	0	0	0	0		

### List of Shareholders with restricted convertible shares

No.	Name	Total Shares	Convertible shares with restrictions	Time period of restricting convertibility
1	Government	1,353,808,479	1,353,808,479	as stated in the State laws
2	VietinBank Trade Union	36,491,652	26,800,000	Complete restriction
3	Strategic investors	29,175,616	20,324,580	3 years since the date of the VietinBank Business Registration Certificate

### Detail information on the Government as a shareholder

Name	Address	Number of Shares	Holding Percentage
<b>State Bank of Vietnam</b>	49 Ly Thai To Street, Hoan Kiem District, Ha Noi	<b>1,353,808,479</b>	<b>89.23%</b>
where:			
• Mr. Pham Huy Hung, Board Chairman		606,895,329	40%
• Mr. Pham Xuan Lap, General Director		455,171,497	30%
• Ms. Pham Thi Hoang Tam, Board Member		291,741,653	19.23%

## Other Information

### Information on Share transaction/ Contributed capital transfer of Members on the Board of Directors, the Board of Management, the Supervisory Board, and related individuals of the above mentioned

In 2010, the number of transactions and the number of shares for the stock CTG of Members on the Board of Directors and related individuals (01 people), the Supervisory Board Members, Members on the Board of Management and related individuals (02 people), are:

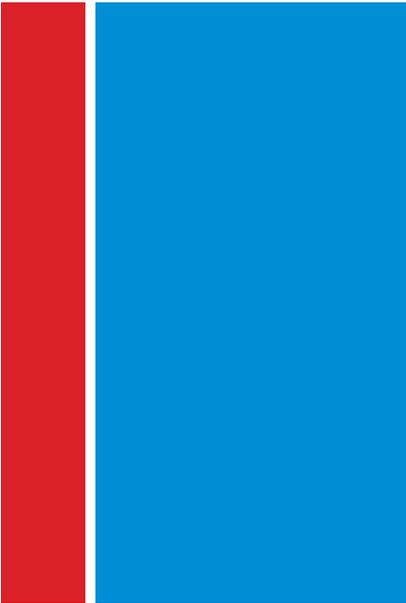
	Number of transactions	Number of shares
Buy	0	0
Sell	2	8870
	1	51.800 right to buy (equivalent to 14.504 new shares)

### Compensation, other benefits and expense for the Board Chairman, Board Members, and the Supervisory Board Members

As stipulated in the Organization and Operation Charter of VietinBank and the Internal Organization and Operation Rules.

### Number of members on the Board of Directors, the Board of Management, and the Supervisory Board who already have corporate governance certificate

All members have passed courses on corporate governance .



“Profound **Solidarity**  
for **Future** Gateway”



# STRUCTURE AND PERSONNEL

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ORGANIZATION CHART

BOARD OF MANAGEMENT

CHANGE IN GENERAL DIRECTOR POSITION IN THE YEAR

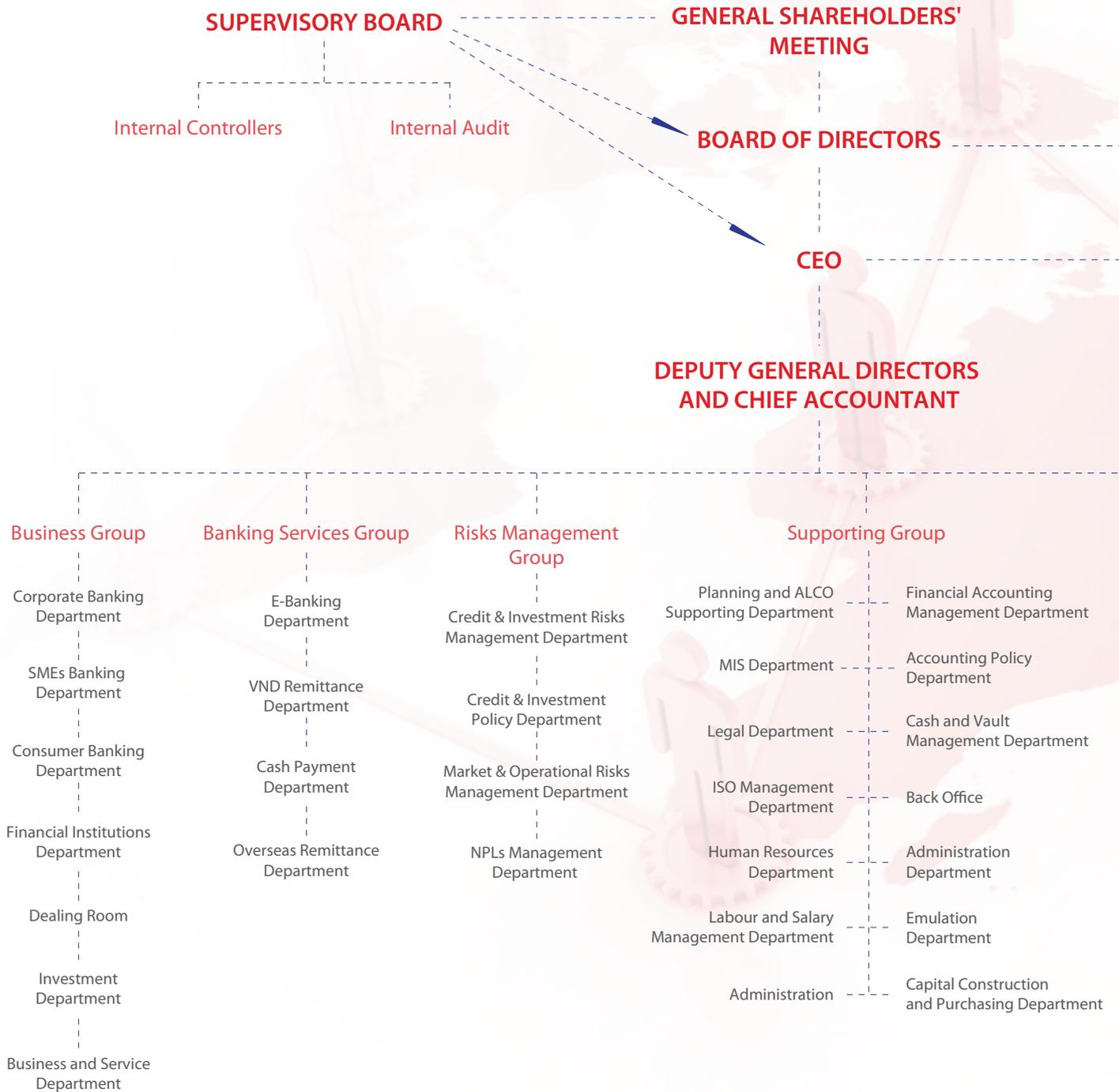
CHANGE IN THE POSITIONS OF THE BOARD OF DIRECTORS, SUPERVISORY BOARD, THE BOARD OF MANAGEMENT

REMUNERATION OF THE BOARD OF MANAGEMENT: SALARY, BONUS, AND OTHER BENEFITS

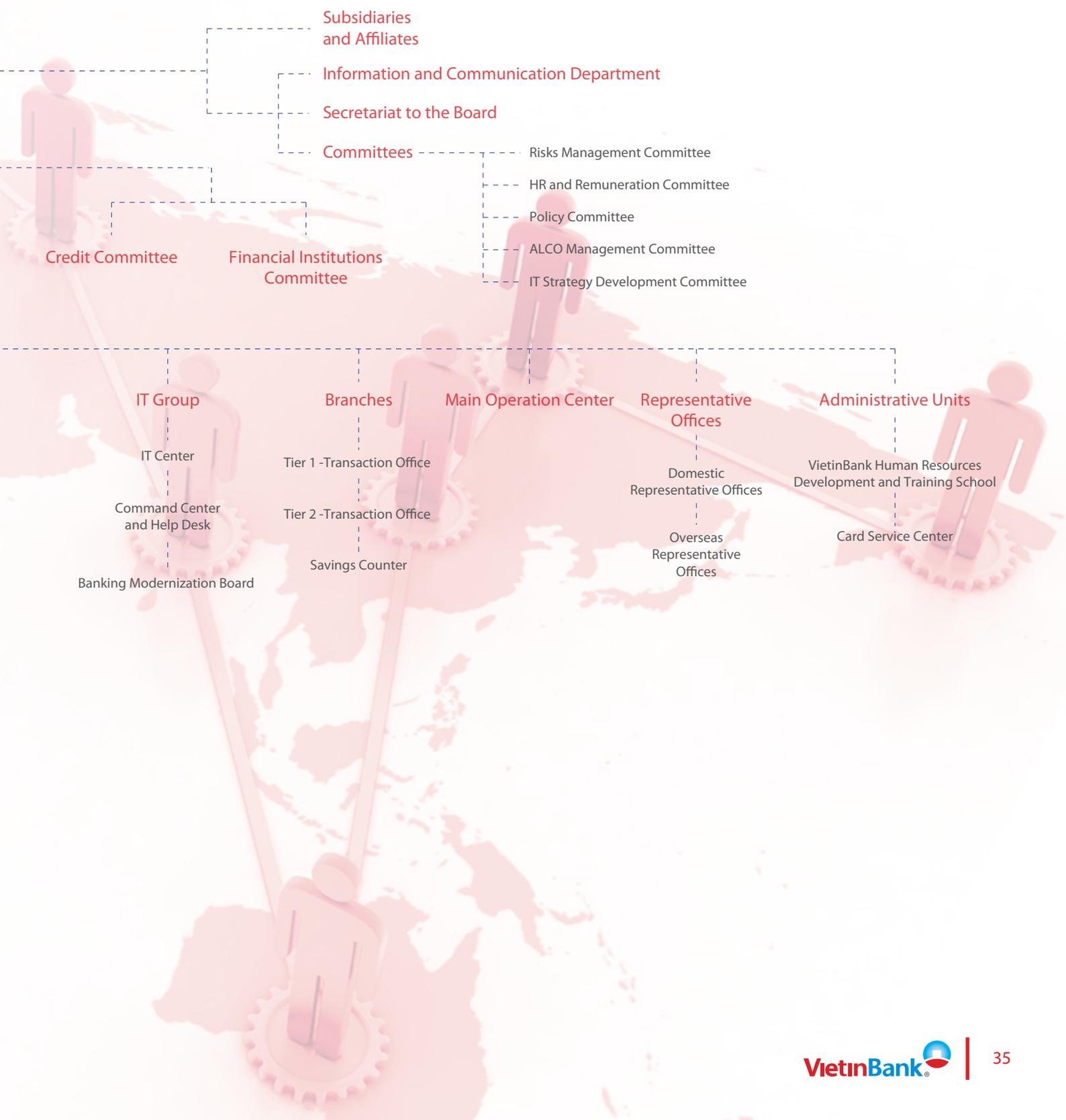
LABOUR POLICY



# ORGANIZATION CHART



**Note:**  
 - - - - -> supervisory relationship





1

**Mr. PHAM XUAN LAP**

Board Member and General Director

**Educational Degree:** Economics Ph.D

**Working profile:**

**11/1980 - 11/1989 :** Economic Planning Department,  
State Bank of Vietnam

**11/1989 - 01/1992 :** Division Director for Economic Planning,  
State Bank of Vietnam

**02/1992 - 03/1993 :** Credit Department, VietinBank

**04/1993 - 03/1994 :** Director for Planning Department, VietinBank

**03/1994 - 04/1996 :** Managing Director, VietinBank Head Quart

**05/1996 - 12/1996 :** Branch Deputy Director, VietinBank  
Chuong Duong Area

**01/1997 - 09/1999 :** Branch Director, VietinBank Ba Dinh Branch

**10/1999 - 10/2007 :** Deputy General Director, VietinBank

**11/2007 - 06/2009 :** Board Member and General Director, Vietnam Bank  
for Industry and Trade (VietinBank)

**07/2009 to present:** Board Member and General Director, VietinBank



**2** **Mr. NGUYEN VIET MANH**  
Deputy General Director

**Educational Degree :** Master Degree in Economics

**Working profile :**

**04/1984 - 03/1987 :** Credit Officer, Quang Nam - Da Nang

**04/1987 - 12/1992 :** Credit Officer, VietinBank  
Dong Da Branch

**01/1993 - 01/1997 :** Deputy Director/ Director, Accounting  
Department, VietinBank Dong Da Branch

**02/1997 - 01/1999 :** Branch Deputy Director, VietinBank  
Dong Da Branch

**02/1999 - 09/1999 :** Branch Director, VietinBank Dong Da Branch

**10/1999 - 03/2003 :** Branch Director, VietinBank Ba Dinh Branch

**04/2003 - 06/2009 :** Deputy General Director, VietinBank

**07/2009 to present:** Deputy General Director, VietinBank



**3** **Mr. NGUYEN VAN DU**  
Deputy General Director

**Educational Degree :** Master Degree in Economics

**Working profile :**

**03/1986 - 07/1987 :** Officer, Finance and Accounting  
Department, State Bank of Vietnam,  
Thanh Tri district, Ha Noi city

**08/1987 - 02/1991 :** Credit Officer, VietinBank Dong Da Branch

**03/1991 - 03/1995 :** Officer, Foreign Relations Department,  
VietinBank

**04/1995 - 06/1995 :** Deputy Director, Foreign Relations  
Department, VietinBank

**07/1995 - 03/1996 :** Director in charge, Foreign Capital Raising  
Department, VietinBank

**04/1996 - 03/2003 :** Director, Correspondent Banking  
Department, VietinBank

**04/2003 - 07/2008 :** Director, Human Resources Management  
and Training Dept., VietinBank

**08/2008 - 06/2009 :** Deputy General Director, Vietnam Bank  
for Industry and Trade (VietinBank)

**07/2009 to present:** Deputy General Director, Vietnam Joint  
Stock Commercial Bank for Industry and  
Trade (VietinBank)

## BOARD OF MANAGEMENT



**4** Ms. BUI NHU Y  
Deputy General Director

**Educational Degree :** Master Degree in Economics

**Working profile :**

**11/1984 - 04/1990 :** Bank Officer, Hai Ba Trung

**05/1990 - 03/1993 :** Credit Officer, VietinBank Ha Noi Branch

**04/1993 - 04/1995 :** Credit Officer, VietinBank

**05/1985 - 09/1997 :** Deputy Director, Project Management  
Department, VietinBank

**10/1997 - 10/2003 :** Deputy Director, Project Management  
Department, VietinBank

**11/2003 - 02/2006 :** Director, Credit Management  
Department, VietinBank

**03/2006 - 05/2007 :** Director, Credit and Investment Policy  
Department, VietinBank

**06/2007 - 07/2008 :** Director, Corporate Banking  
Department, VietinBank

**08/2008 - 06/2009 :** Deputy General Director, Vietnam Bank  
for Industry and Trade (VietinBank)

**07/2009 to present:** Deputy General Director, Vietnam Joint  
Stock Commercial Bank for Industry and  
Trade (VietinBank)



**5** Mr. PHAM ANH TUAN  
Deputy General Director

**Educational Degree :** Master in Business Administration

**Working profile:**

**08/1990 - 01/1994 :** Officer, IT Department, Main Transaction  
Centre II, Ho Chi Minh City VietinBank

**02/1994 - 02/1995 :** Deputy Director, IT Department,  
Transaction Centre II, VietinBank

**03/1995 - 09/1997 :** Director, IT Department, Transaction  
Centre II, VietinBank

**10/1997 - 04/1999 :** Deputy Director, IT Department,  
Transaction Centre II, VietinBank

**05/1999 - 05/1999 :** Deputy Director, IT Department,  
Ho Chi Minh City Representative Office,  
VietinBank

**06/1999 - 07/2008 :** Director, Information Technology Centre,  
VietinBank

**08/2008 - 06/2009 :** Deputy General Director, Vietnam Bank  
for Industry and Trade (VietinBank)

**07/2009 to present:** Deputy General Director, Vietnam Joint  
Stock Commercial Bank for Industry and  
Trade (VietinBank)



**6** **Mr. LE DUC THO**  
Deputy General Director

**Educational Degree :** Economics Ph.D

**Working profile :**

**11/1991 - 12/1992 :** Officer, Accounting Department,  
VietinBank Vinh Phu Branch

**01/1993 - 03/1995 :** Officer, IT Department, VietinBank  
Vinh Phu Branch

**04/1995 - 08/1996 :** Credit Officer, VietinBank Vinh Phu Branch

**09/1996 - 12/1996 :** Head of Evaluation Team, Business  
Department, VietinBank Vinh Phu Branch

**01/1997 - 04/2002 :** Deputy Director, Business Department,  
VietinBank Phu Tho Branch

**05/2002 - 05/2003 :** Credit Office, Medium and Long term  
Credit and Project Management  
Department, VietinBank

**06/2003 - 10/2003 :** Deputy Director, Planning Department,  
VietinBank

**11/2003 - 02/2006 :** Deputy Director, Planning and  
Investment Department, VietinBank

**03/2006 - 03/2010 :** Director, Investment Department,  
VietinBank

**04/2010 to present:** Deputy General Director, VietinBank



**7** **Mr. VO MINH TUAN**  
Deputy General Director

**Educational Degree:** Master Degree in Economics

**Working profile:**

**01/1990 - 02/1998 :** Officer, Finance and Accounting Department,  
VietinBank Ho Chi Minh City Branch

**03/1998 - 07/2001 :** Deputy Director, International Payment  
Department, VietinBank  
Ho Chi Minh City Branch

**08/2001 - 09/2005 :** Director, Finance and Accounting Department,  
VietinBank Ho Chi Minh City Branch

**10/2005 - 01/2008 :** Branch Deputy Director, VietinBank  
Ho Chi Minh City Branch

**02/2008 - 03/2010 :** Branch Director, VietinBank Branch No.1  
Ho Chi Minh City

**04/2010 to present:** Deputy General Director, VietinBank

## BOARD OF MANAGEMENT



**8** Mr. NGUYEN VAN THANH  
Deputy General Director

**Educational Degree :** Economics Ph.D

**Working profile :**

- 04/1982 - 04/1985 :** Credit Officer, State Bank of Vietnam  
Hong Gai Branch
- 05/1985 - 03/1991 :** Accounting Officer, VietinBank Ha Nam  
Ninh Branch
- 04/1991 - 08/1994 :** Deputy Director, Accounting Department,  
VietinBank
- 09/1994 - 01/1996 :** Director, Administration Department,  
VietinBank
- 02/1996 - 09/1999 :** Director, Financial Accounting Department,  
VietinBank
- 10/1999 - 06/2009 :** Deputy General Director, Vietnam Bank  
for Industry and Trade (VietinBank)
- 07/2009 to present:** Deputy General Director, Vietnam Joint  
Stock Commercial Bank for Industry and  
Trade (VietinBank)



**9** Mr. NGUYEN VAN CHUNG  
Chief Accountant

**Educational Degree :** Bachelor of Economics

**Working profile :**

- 03/1985 - 03/1990 :** Officer, Department Head, Investment  
Bank Ha Son Binh
- 04/1990 - 03/1992 :** Accounting Officer, VietinBank
- 04/1992 - 03/1994 :** Deputy Director, International Payment  
Department, VietinBank
- 04/1994 - 03/1998 :** Director, Accounting Department,  
VietinBank
- 04/1998 - 06/2009 :** Chief Accountant, Vietnam Bank for  
Industry and Trade (VietinBank)
- 07/2009 to present:** Chief Accountant, Vietnam Joint Stock  
Commercial Bank for Industry and Trade  
(VietinBank)

## Change in General Director Position in the Year

In 2010, there is no change in the position of General Director.

## Change in the Positions of the Board of Directors, Supervisory Board, the Board of Management

### Members on the Board of Directors:

No change.

### Members on the Board of Management:

- **01 Deputy General Director retired:**

On March 10th, 2010, the State Bank of Vietnam issued Decision No. 458/QĐ-NHNN regarding the retirement of Ms. Nguyen Phuong Ly, Former Deputy General Director, VietinBank.

- **Appoint 02 New Deputy General Directors:**

On April 4th, 2010, VietinBank Board of Directors issued Decision No. 323/QĐ-HĐQT-NHCT1 regarding the appointment of Mr. Vo Minh Tuan to become a Deputy General Director at VietinBank.

On April 4th, 2010, VietinBank Board of Directors issued Decision No. 324/QĐ-HĐQT-NHCT1 regarding the appointment of Mr. Le Duc Tho to become a Deputy General Director at VietinBank.

### Supervisory Board:

No change.

### Non-executive Independent Board Member:

None.

## Remuneration of the Board of Management: Salary, Bonus, and Other Benefits

The Board of Management at VietinBank are paid salary and bonus in accordance with the internal remuneration mechanism of VietinBank as stipulated at Decision No. 126/QĐ-HĐQT-NHCT2 dated February 4th, 2008 and other regulation documents issued by VietinBank.

## Labour Policy

Work force at VietinBank are paid according to position, taking into consideration productivity, quality, and efficiency based on task completion level.

Staff will retire with retirement subsidy in accordance with Social Insurance paid for by the Bank including 16% in Social Insurance, 3% in Health Care Insurance, 1% in Work Insurance, whereas these percentages are based on basic salary for each month. In addition, upon retirement, staff members will be awarded with 3 current monthly salaries.

If the retirement results from labour reorganization, staff members will be paid in accordance with material mechanism; Or their children will be hired in place of their parent.

Disemployment subsidy and unemployment insurance fund are provided in accordance with current regulations, laws, and guidelines of the State.

# RELATED COMPANIES

## Companies with more than 50% share held/capital contributed by VietinBank

No.	Name	Business Field	% of shares held by VietinBank
1	VietinBank Financial Leasing Company	Banking and Finance	100
2	VietinBank Assets Deployment and Debt Management Company	Asset Management	100
3	VietinBank Non-Life Insurance Company	Non-Life Insurance	100
4	VietinBank Gold and Precious Metals and Gems Company	Manufacture, design, and trade in gold and precious metals and gems	100
5	VietinBank Fund Management Company	Fund Management	100
6	VietinBank Joint Stock Securities Company	Market Capital	76

## Capital Contribution and Share Sale

As of December 31st, 2010, VietinBank has in total 6 subsidiaries and 1 joint venture bank (Indovina Bank). Total capital contributed by VietinBank to the subsidiaries is 1,527 billion dong, an increase of 197 billion dong compared to 2009, consisting of 50 billion dong contributed to VietinBank Fund Management Company, 50 billion dong contributed to VietinBank Gold and Precious Metals and Gems Company, an adjusted increase of capital contribution of 97 billion dong in VietinBank Securities Company (the adjustment results from asset re-appraisal after the Securities Company equitization process).

In 2010, the charter capital of the subsidiaries which were established before 2010 does not change. In the year, VietinBank establishes 2 new subsidiaries (VietinBank Fund Management Company and VietinBank Gold, Precious Metals and Gems Company) in the form of One Member Limited companies, in which VietinBank holds 100% charter capital. The Charter Capital contributed to these two companies as of December 31st, 2010 is 50 billion dong each.

The Joint Venture Indovina Bank also increases its charter capital in 2010 from 125 million US dollars to 165 million US dollars, in which VietinBank maintains capital contribution to more than 50% of the Joint Venture charter capital. Total capital VietinBank contributes in the joint venture is 82.5 million USD, equivalent to 1,392 billion dong. In 2010, VietinBank increases its contribution by 20 million US dollars, equivalent to 390 billion dong.

TOTAL CAPITAL CONTRIBUTION TO THE SUBSIDIARIES IS

VND **1,572** BILLION



### Performance Overview of Related Companies

#### VietinBank Joint Stock Securities Company (Vietinbank Sc)

- VietinBank Sc, formerly known as VietinBank Securities Limited Company, was established in accordance with Decision No. 126/QĐ-HĐQT-NHCT1 on September 1st, 2000 by the VietinBank Board of Directors, with main business in securities trading and financial consultancy services. Since July 1st, 2009, VietinBank Securities Limited Company has been transformed into a joint stock company and operated in accordance with Certificate of Establishment and Operation No. 12/GPĐC-UBCK dated January 29th, 2011 issued by the State Securities Committee.
- With current charter capital of 789.934 billion dong and good support of the business network all over the country of VietinBank, VietinBank Sc constantly journeys with the customers, supporting them in securities activities, establishing a long term relationship with the customers by providing high quality services, timely responding to their needs and requirements. The successful IPO of the company resulted in its stock becoming listed on HNX on July 31st, 2009.
- As of December 31, 2010, the company (stock coded CTS) has brought about 195.59 billion dong in revenue, 28.4 billion dong in profit before tax and 21.64 billion dong in net profit after tax (being one third of 2009 figure). EPS for 2010 is 274 dong per share.

#### VietinBank Financial Leasing Company (VietinBank Leasing)

- VietinBank Leasing was established under Decision no. 53/1998/QĐ-NHNN5 on January 26th, 1998 with the permission of the State Bank Governor. The company works under the form of One Member Limited Company. Its current charter capital of 500 billion dong is 100% contributed by VietinBank.
- As of December 31st, 2010, total capital of the Company is 1,596 billion dong, a 30% increase compared to 2009; total loans for investment and financial leasing are 1,393 billion dong, a 14% increase compared to 2009. Non-performing loans are 7.8 billion dong, weighing 0.56% of total loans. Revenue for 2010 is 208.7 billion dong, an increase by 55% compared to 2009; Profit before tax is 81.9 billion dong, an increase by 54% compared to 2009; Net profit after tax is 61.4 billion dong, an increase of 40% compared to 2009; ROA is 5.21% and ROE is 8.32%.

#### VietinBank Non-Life Insurance Company

- VietinBank Insurance Company was established according to the Bank strategy of becoming a financial group. VietinBank Insurance Company was formerly the Joint Venture Asia-Incombank Insurance Limited Company. The Company, known as Bao Ngan, became a wholly owned subsidiary of VietinBank on December 17th, 2008.
- As of December 31st, 2010, total assets of the Company were 529 billion dong, an increase of 16% compared to 2009. Total insurance premium revenue for 2010 is 145.9 billion dong, which increases by 85.45% compared to 2009. Net profit after tax for 2010 is 27.6 billion dong; Current charter capital of 300 billion dong of VietinBank Insurance Company is 100% contributed by VietinBank.

### **VietinBank Debt and Asset Management Company**

- Essentially, up to now, the Company has completed its task assigned upon establishment. This task was to receive and resolve assets collected from EPCO Minh Phung under the court order.
- In 2010, the Company has changed into the form of a One Member Limited company with charter capital of 30 billion dong 100% supplied by VietinBank. The company has implemented new business services under registration of asset price appraisal service used for the internal system of VietinBank, with the pilot service of debt sale and purchase.

### **VietinBank Fund Management Company**

- The Company has just been established since late 2010 with the charter capital of 50 billion dong, 100% contributed by VietinBank. The Company operates in managing assets. Upon its establishment, the Company quickly refined its organization and implemented business operations under its registration certificate.

### **VietinBank Gold, Precious Metals and Gems Company**

- The Company was established on December 2010 with charter capital as of December 31, 2010 of 50 billion dong. Pursuant to capital requirements for 2011 business implementation, the Company was granted with new charter capital level of 150 billion dong. The Company trades in gold, precious metals and gems.

### **Indovina Bank**

- Indovina Bank is the joint venture bank between VietinBank and Cathay United Bank (Taiwan) with charter capital holding ratio of 50:50.
- Charter Capital in 2010 increases by 40 million US dollars to 165 million US dollars, equivalent to 3,124 billion dong. Of this figure, VietinBank contributes 82.5 million US dollars.
- As of December 31st, 2010, total assets for Indovina Bank were 20,847 billion dong, an increase of more than 80% compared to the year beginning; net profit after tax for 2010 achieves 256 billion dong, a 25% increase compared to 2009.
- Besides capital contribution, VietinBank also invests in bonds issued by Indovina Bank with total face value of 1,250 billion dong.

“Solid Values  
Stand the Test of Time”



# Vietnam Joint Stock Commercial Bank for Industry and Trade

Audited Consolidated Financial Statements in accordance with the Vietnamese Accounting Standards and System  
for Credit Institutions as at and for the year ended 31 December 2010

## FINANCIAL REPORTS

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### AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

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CONSOLIDATED BALANCE SHEET

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CONSOLIDATED INCOME STATEMENT

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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# INDEPENDENT AUDITORS' REPORT

Reference: 60755043/14691383

**To: Board of Directors and Board of Management of  
Vietnam Joint Stock Commercial Bank for Industry and Trade**

We have audited the accompanying consolidated balance sheet of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") and its subsidiaries as at 31 December 2010, and the related consolidated income statement, consolidated statement of undistributed earnings, consolidated statement of cash flows for the year then ended and the notes thereto ("the consolidated financial statements") as set out on pages 5 to 81. The consolidated financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

## Basis of Opinion

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

## Opinion

In our opinion, the accompanying consolidated financial statements, in all material respects, give a true and fair view of the financial position of the Bank and its subsidiaries as at 31 December 2010 and of their results of operations and cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System for Credit Institutions and comply with other relevant financial and accounting regulations stipulated by the State Bank of Vietnam.



*Ernst & Young Vietnam Ltd.*

Ernst & Young Vietnam Limited

Tran Dinh Cuong  
General Director  
Registered Auditor  
Certificate No: 0135/KTV

Hanoi, Vietnam  
10 March 2011

Vo Xuan Minh  
Auditor-in-charge  
Registered Auditor  
Certificate No: 0923/KTV

# CONSOLIDATED BALANCE SHEET

as at 31 December 2010

	Note	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>ASSETS</b>			
<b>Cash, gold and gemstones</b>	<b>3</b>	<b>2,813,948</b>	<b>2,204,060</b>
<b>Balances with the State Bank of Vietnam ("the SBV")</b>	<b>4</b>	<b>5,036,794</b>	<b>5,368,942</b>
<b>Placements with and loans to other banks</b>	<b>5</b>	<b>50,960,782</b>	<b>24,045,152</b>
• Placements with other banks	5.1	46,680,157	22,499,128
• Loans to other banks	5.2	4,290,000	1,546,024
• Provision for credit losses of loans to other banks		(9,375)	-
<b>Trading securities</b>	<b>6</b>	<b>224,203</b>	<b>299,033</b>
• Trading securities		230,761	302,427
• Provision for decline in value of trading securities		(6,558)	(3,394)
<b>Derivative financial instruments and other financial assets</b>	<b>7</b>	<b>19,242</b>	<b>75,228</b>
<b>Loans and advances to customers</b>		<b>231,434,907</b>	<b>161,619,376</b>
• Loans and advances to customers	8	234,204,809	163,170,485
• Provision for credit losses of loans to customers	9	(2,769,902)	(1,551,109)
<b>Investment securities</b>	<b>10</b>	<b>61,585,378</b>	<b>38,977,048</b>
• Securities – available-for-sale	10.1	55,645,824	33,864,198
• Securities – held-to-maturity	10.2	6,208,700	5,112,850
• Provision for impairment of investment securities	10.3	(269,146)	-
<b>Long-term investments</b>	<b>11</b>	<b>2,092,756</b>	<b>1,463,756</b>
• Investment in joint ventures	11.1	1,782,208	1,294,150
• Investment in associates	11.2	-	3,160
• Other long-term investments	11.3	310,548	166,446
• Investment in joint ventures		-	-
<b>Fixed assets</b>	<b>12</b>	<b>3,297,645</b>	<b>3,297,530</b>
• <i>Tangible assets</i>	<i>12.1</i>	<i>2,206,346</i>	<i>1,775,244</i>
• Cost		4,596,080	3,699,517
• Accumulated depreciation		(2,389,734)	(1,924,273)
• <i>Leased fixed assets</i>		-	-
• Cost		587	587
• Accumulated depreciation		(587)	(587)
• <i>Intangible assets and land use right</i>	<i>12.2</i>	<i>1,091,299</i>	<i>1,522,286</i>
• Cost		1,279,523	1,756,616
• Accumulated amortization		(188,224)	(234,330)

## CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2010

	Note	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Investment properties</b>		-	-
• Cost		-	-
• Accumulated depreciation		-	-
<b>Other assets</b>	<b>13</b>	<b>10,246,536</b>	<b>6,435,083</b>
• Interest and fee receivables		4,886,335	2,698,803
• Constructions in progress	13.1	941,978	500,398
• Receivables	13.2	1,402,858	1,513,906
• Acquisition and major repair of fixed assets		602,025	478,757
• Deferred tax asset	21.2	-	44,458
• Other assets	13.3	2,418,058	1,198,761
<i>in which: Goodwill</i>	14	15,427	17,242
• Provision for impairment of other assets		(4,718)	-
<b>TOTAL ASSETS</b>		<b>367,712,191</b>	<b>243,785,208</b>

## CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2010

	Note	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>LIABILITIES</b>			
<b>Borrowings from the Ministry of Finance and the SBV</b>	<b>15</b>	<b>43,220,678</b>	<b>13,718,689</b>
<b>Deposits and borrowings from other banks</b>	<b>16</b>	<b>35,096,726</b>	<b>15,012,157</b>
• Deposits from other banks	16.1	26,188,144	9,797,640
• Borrowings from other banks	16.2	8,908,582	5,214,517
<b>Customer deposits and other amounts due to customers</b>	<b>17</b>	<b>205,918,705</b>	<b>148,374,599</b>
<b>Derivative financial instruments and other financial liabilities</b>	<b>7</b>	<b>-</b>	<b>220,091</b>
<b>Debts issued and other borrowed funds</b>	<b>18</b>	<b>44,734,885</b>	<b>34,525,002</b>
<b>Valuable papers issued</b>	<b>19</b>	<b>10,728,283</b>	<b>8,585,257</b>
<b>Other liabilities</b>	<b>20</b>	<b>9,640,638</b>	<b>10,572,100</b>
• Accrued fees and interest expenses		3,560,011	1,740,761
• Deferred tax liability		130	-
• Other payables	20.1	5,489,655	8,605,229
• Provision for contingent liabilities and off-balance sheet commitments	9	590,842	226,110
<b>TOTAL LIABILITIES</b>		<b>349,339,915</b>	<b>231,007,895</b>
<b>OWNERS' EQUITY</b>			
<b>Capital and reserves</b>	<b>22</b>	<b>18,170,363</b>	<b>12,572,078</b>
• <b>Capital</b>			
• Chartered capital		15,172,291	11,252,973
• Capital to purchase of fixed assets		-	-
• Share premium		89,778	88,344
• Treasury shares		-	-
• Preferred shares		-	-
• Other capital		-	-
• Reserves	22	571,897	335,750
• Foreign exchange reserve on translation of financial statements		118,766	58,735
• Difference from assets revaluation		-	-
• Undistributed earnings/ (accumulated losses)		2,217,631	836,276
<b>MINORITY INTEREST</b>		<b>201,913</b>	<b>205,235</b>
<b>TOTAL LIABILITIES, OWNERS' EQUITY AND MINORITY INTEREST</b>		<b>367,712,191</b>	<b>243,785,208</b>

# CONSOLIDATED BALANCE SHEET (continued)

as at 31 December 2010

## OFF-BALANCE SHEET ITEMS

	Note	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Contingencies</b>	<b>38</b>		
Credit guarantees		49,899	32,443
Letters of credit		21,790,267	15,073,505
Other guarantees		14,776,573	11,756,319
<b>Commitments (*)</b>	<b>38</b>		
Commitments with customers		-	-
Other commitments		-	-
		<b>36,616,739</b>	<b>26,862,267</b>

(\*) These only include unconditional and irrevocable commitments

Prepared by



Mr. Ha Quang Vu  
Deputy Head of Financial  
Accounting Department

Hanoi, Vietnam  
10 March 2011

Approved by



Mr. Nguyen Van Chung  
Chief Accountant

Approved by



Mr. Nguyen Van Du  
Deputy General Director

The attached notes from 1 to 46 form part of these consolidated financial statements

# CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2010

	Note	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Interest and similar income	25	31,919,188	10,017,148
Interest and similar expenses	26	(19,830,186)	(5,566,398)
<b>NET INTEREST AND SIMILAR INCOME</b>		<b>12,089,002</b>	<b>4,450,750</b>
Fees and commission income	27	1,769,499	494,361
Fees and commission expenses	27	(333,393)	(106,798)
<b>Net gain from fees and commission income</b>	<b>27</b>	<b>1,436,106</b>	<b>387,563</b>
<b>Net gain/(loss) from dealing in foreign currencies</b>	<b>28</b>	<b>158,444</b>	<b>(48,215)</b>
<b>Net gain/(loss) from securities trading</b>	<b>29</b>	<b>(38,591)</b>	<b>65,596</b>
<b>Net gain/(loss) from securities investment</b>	<b>30</b>	<b>(260,177)</b>	<b>14,246</b>
Income from other operating activities		1,340,664	501,130
Expenses from other operating activities		(70,266)	(29,415)
<b>Net gain/(loss) from other operating activities</b>	<b>31</b>	<b>1,270,398</b>	<b>471,715</b>
<b>Share of profit in associates and joint ventures and dividend income</b>	<b>32</b>	<b>164,220</b>	<b>86,661</b>
<b>TOTAL OPERATING INCOME</b>		<b>14,819,402</b>	<b>5,428,316</b>
Payroll and other staff costs		(4,140,982)	(1,793,512)
Depreciation and amortization charges		(643,727)	(289,496)
Other operating expenses	33	(2,412,428)	(1,080,544)
<b>TOTAL OPERATING EXPENSES</b>		<b>(7,197,137)</b>	<b>(3,163,552)</b>
<b>Net profit before provision for credit losses</b>		<b>7,622,265</b>	<b>2,264,764</b>
Provision of credit losses of loans to customers	9	(2,650,120)	(776,326)
Provision of credit losses of loans to credit institutions	5.2	(9,375)	-
Reversal of provision/(provision expense) for off-balance-sheet commitments	9	(364,732)	189,851
<b>PROFIT BEFORE TAX</b>		<b>4,598,038</b>	<b>1,678,289</b>
Current enterprise income tax	21.2	(1,139,103)	(438,464)
Deferred enterprise income tax	21.1	(44,588)	44,458
<b>Enterprise income tax expense</b>		<b>(1,183,691)</b>	<b>(394,006)</b>

## CONSOLIDATED INCOME STATEMENT (continued)

for the year ended 31 December 2010

	Note	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
<b>PROFIT AFTER TAX</b>		<b>3,414,347</b>	<b>1,284,283</b>
<b>Minority interest</b>		<b>8,869</b>	<b>10,739</b>
<b>NET PROFIT ATTRIBUTABLE TO THE EQUITY HODERS OF THE BANK</b>		<b>3,405,478</b>	<b>1,273,544</b>
<b>Basic earnings per share (VND/share)</b>	<b>23</b>	<b>2,055</b>	<b>1,060</b>

Prepared by



Mr. Ha Quang Vu  
Deputy Head of Financial  
Accounting Department

Hanoi, Vietnam  
10 March 2011

Approved by



Mr. Nguyen Van Chung  
Chief Accountant

Approved by



Mr. Nguyen Van Du  
Deputy General Director

The attached notes from 1 to 46 form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF UNDISTRIBUTED EARNINGS

for the year ended 31 December 2010

	Note	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
<b>UNDISTRIBUTED EARNINGS AT THE BEGINNING OF THE PERIOD</b>		<b>836,276</b>	<b>-</b>
Net profit attributable to the equity holders of the Bank		3,405,478	1,273,544
<b>UNDISTRIBUTED EARNINGS BEFORE APPROPRIATIONS</b>		<b>4,241,754</b>	<b>1,273,544</b>
Less:			
• Appropriation to reserves for this period	22	(1,241,851)	(437,088)
• Adjustment on appropriation to reserves of the previous period	22	(14,881)	-
• 2009's share dividend paid during the period	22	(768,486)	-
• Others	22	1,095	(180)
<b>UNDISTRIBUTED EARNINGS AT THE END OF THE PERIOD</b>		<b>2,217,631</b>	<b>836,276</b>

Prepared by



Mr. Ha Quang Vu  
Deputy Head of Financial  
Accounting Department

Hanoi, Vietnam  
10 March 2011

Approved by



Mr. Nguyen Van Chung  
Chief Accountant

Approved by



Mr. Nguyen Van Du  
Deputy General Director

The attached notes from 1 to 46 form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December 2010

	Note	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Interest and similar income receipts		29,428,470	10,062,947
Interest and similar expense payments		(18,010,936)	(6,283,676)
Fees and commission income receipts		1,436,106	387,563
Net gain/loss from dealing in foreign currencies		254,067	129,618
Net gain/loss from securities trading		(298,768)	79,842
Other operating income		71,993	2,555
Recovery from bad debts previously written-off	31	1,193,854	465,629
Payment to employees and suppliers		(7,185,708)	(2,198,081)
Tax paid in the period	21	(1,096,772)	(284,592)
<b>Net cash flow from operating profit before changes in operating assets and working capital</b>		<b>5,792,306</b>	<b>2,361,805</b>
<b>Changes in operating assets</b>		<b>(99,379,662)</b>	<b>(25,058,312)</b>
(Increase)/decrease in placements with and loans to other banks		(4,368,511)	1,745,045
(Increase)/decrease in investment in securities		(22,489,477)	(3,233,709)
(Increase)/decrease in derivatives financial instruments and other financial assets		55,986	(75,228)
(Increase)/decrease in loans and advances to customers		(71,034,324)	(24,940,061)
Other (increase)/decrease in other operating assets		(1,543,336)	1,445,641
<b>Changes in operating liabilities</b>		<b>118,393,078</b>	<b>23,455,946</b>
Increase/(decrease) in borrowings from the MOF and SBV		29,501,989	12,329,520
Increase/(decrease) in deposits and loans from other Banks		20,084,569	8,135,734
Increase/(decrease) in customer deposits and other amounts due to customers (including the State Treasury)		57,544,106	9,116,924
Increase/(decrease) in valuable papers issued (except for valuable papers from financial activities)		2,143,026	4,723,846
Increase/(decrease) in debts issued and other borrowed funds		10,209,883	(7,667,150)
Increase/(decrease) in derivatives financial instruments and other financial liabilities		(220,091)	(96,380)
Increase/(decrease) in other liabilities		(859,560)	(2,985,210)
Utilization of reserves in the period		(10,844)	(101,338)
<b>Net cash flows (used in)/from operating activities</b>		<b>24,805,772</b>	<b>759,439</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of fixed assets and construction in progress		(1,874,657)	(1,118,537)
Proceeds from disposal of equipments		23,720	6,667
Expenses from disposal of equipments		-	-
Acquisition of investment fixed assets		-	-
Proceeds from disposal of investment real estates		-	-
Expenses from disposal of investment real estates		-	-

## CONSOLIDATED STATEMENT OF CASHFLOWS (continued)

for the year ended 31 December 2010

	Note	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Additional equity investments in associates and joint ventures	11	(578,125)	(223,412)
Receipts from equity investment in associates and joint ventures		3,160	-
Dividend income received from other long-term investments		126,193	5,071
<b>Net cash flows (used)/from investing activities</b>		<b>(2,299,709)</b>	<b>(1,330,211)</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITY</b>			
Increase in chartered capital		339,393	-
Receipt from issuing long term valuable papers qualified as owners' capital and other long term borrowings		-	-
Payments for settlement of long term valuable papers qualified as owners' capital and other long term borrowings		-	-
Dividend paid		(11,172)	-
Payments for purchases of treasury shares		-	-
Receipt from sales of treasury shares		-	-
<b>Net cash flow from financial activities</b>		<b>328,221</b>	<b>-</b>
<b>Net cash flow of the period</b>		<b>22,834,234</b>	<b>(570,772)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>30,326,319</b>	<b>-</b>
<b>Cash transferred from the Vietnam Bank for Industry and Trade before equitization</b>		<b>-</b>	<b>30,897,091</b>
<b>Adjustment for impact of changes in foreign exchange rate</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>34</b>	<b>53,160,553</b>	<b>30,326,319</b>

### Non-monetary transactions:

In 2010, the Bank's chartered capital has been increased by VNDm 3,919,318, in which: i) VNDm 768,486 was in form of share dividends; (ii) VNDm 2,811,439 was additionally issued to the State in form of reducing the Payables from equitization process to the State; and (iii) VNDm 339,393 was additionally sold to non-state shareholders.

Prepared by



Mr. Ha Quang Vu  
Deputy Head of Financial  
Accounting Department

Hanoi, Vietnam  
10 March 2011

Approved by



Mr. Nguyen Van Chung  
Chief Accountant

Approved by



Mr. Nguyen Van Du  
Deputy General Director

The attached notes from 1 to 46 form part of these consolidated financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2010

## 1. Corporate Information

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

### Establishment and Operations

The Bank was established on 3 July 2009 under the License of Establishment and Operation No. 142/GP-NHNN dated 3 July 2009, issued by the State Bank of Vietnam and the Certificate of Business Registration No. 0103038874 dated 3 July 2009 issued by Hanoi Planning and Investment Department. The Bank has successfully undertaken its Secondary Equity Offering (SEO) to raise capital in 2010 and on 20 October 2010 Hanoi Planning and Investment Department issued the Business Registration No. 0100111948 as a replacement for the previous Certificate of Business Registration No. 0103038874.

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

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

### Chartered Capital

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

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

The Bank had finished its share issuance on 18 October 2010 with 391,931,841 shares additionally issued, of which, 76,848,603 units were issued in form of share dividend payment and 315,083,238 units were sold to the Bank's shareholders. Accordingly, as at 31 December 2010, the Bank's chartered capital is VNDm 15,172,291.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 1. Corporate Information (continued)

### Board of Directors

The members of the Board of Directors for the year ended 31 December 2010 and at the date of this report are as follows:

Name	Position	Date of Appointment
Mr. Pham Huy Hung	Chairman	3 July 2009
Mr. Pham Xuan Lap	Member and General Director	3 July 2009
Mrs. Pham Thi Hoang Tam	Member	3 July 2009
Mrs. Do Thi Thuy	Member	3 July 2009
Mr. Tran Xuan Chau	Member	3 July 2009
Mrs. Nguyen Hong Van	Member	3 July 2009
Mrs. Tran Thi Hong Hanh	Member	3 July 2009

### Board of Supervision

Members of the Board of Supervision for the year ended 31 December 2010 and at the date of this report are as follows:

Name	Position	Date of Appointment
Mrs. Tran Thi Le Nga	Head of the Board	3 July 2009
Mrs. Pham Thi Thom	Member	3 July 2009
Mrs. Phan Thi Quy	Member	3 July 2009

### Board of Management and the Chief Accountant

Members of the Board of Management and Chief Accountant for the year ended 31 December 2010 and at the date of this report are as follows:

Name	Position	Date of Appointment
Mr. Pham Xuan Lap	General Director	Appointed on 3 July 2009
Mr. Nguyen Van Thanh	Deputy General Director	Appointed on 3 July 2009
Mr. Nguyen Viet Manh	Deputy General Director	Appointed on 4 April 2010
Mrs. Nguyen Phuong Ly	Deputy General Director	Appointed on 3 July 2009 and resigned on 1 June 2010
Mr. Pham Anh Tuan	Deputy General Director	Appointed on 4 April 2010
Mrs. Bui Nhu Y	Deputy General Director	Appointed on 4 April 2010
Mr. Nguyen Van Du	Deputy General Director	Appointed on 4 April 2010
Mr. Le Duc Tho	Deputy General Director	Appointed on 4 April 2010
Mr. Vo Minh Tuan	Deputy General Director	Appointed on 4 April 2010
Mr. Nguyen Van Chung	Chief Accountant	Appointed on 4 April 2010

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 1. Corporate Information (continued)

### Locations and the Branch Network

The Head Office of the Bank is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. At 31 December 2010, the Bank has one (1) Head Office, one (1) Operation Center, three (3) administrative units, two (2) representative offices and one hundred forty nine (149) main branches, eight hundred and ninety two (892) transaction offices, and fifty six (56) saving counters located in sixty three (63) cities and provinces all over Vietnam.

### Subsidiaries

As at 31 December 2010, the Bank has six (6) subsidiaries as follow:

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 2010 by Hanoi Planning and Investment Department	Banking & Finance	100%
2	VietinBank Securities Joint stock Company	107/UBCK- GP dated 1 January 2009 by State Securities Commission of Vietnam (SSC)	Capital Market	76%
3	VietinBank Debt and Asset Management Company Ltd.	0302077030/GP dated 20 July 2010 by Department of Planning and Investment of Hochiminh City	Asset Management	100%
4	VietinBank Insurance Company Ltd.	21/GPDC6/KDBH dated 21 April 2009 by Ministry of Finance	Non-life Insurance	100%
5	VietinBank Gold and 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 by State Securities Commission of Vietnam (SSC)	Fund Management	100%

### Employees

Total number of employees of the Bank and the subsidiaries as at 31 December 2010 is 17,243 people (as at 31 December 2009: 17,758 people).

## 2. Significant Accounting Policies

### 2.1 Statement of Compliance with Vietnamese Accounting Standards and System for Credit Institutions

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

## 2. Significant Accounting Policies (continued)

### 2.2 Basis for Presentation of the Consolidated Financial Statements

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

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

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

#### Accounting standard(s) and guidance issued but not yet effective

*Circular 210/2009/TT-BTC providing guidance for the adoption of the International Financial Reporting Standards on presentation and disclosures of financial instruments in Vietnam:*

On 6 November 2009, the Ministry of Finance issued Circular 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments. The adoption of the circular will require further disclosures and have impact on the presentation of certain financial instruments in the financial statements. The circular will become effective for financial years beginning on or after 1 January 2011.

### 2.3 Fiscal Year

The Bank's first fiscal period as a commercial joint stock bank was from 3 July 2009 to 31 December 2009.

The subsequent fiscal year starts at 1 January and ends at 31 December.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 2. Significant Accounting Policies (continued)

### 2.4 Comparative Figures

As the Bank was established on 3 July 2009, comparative figures presented in the consolidated balance sheet, consolidated income statement, consolidated statement of cash flow and notes to the consolidated financial statements are figures for the period from 03 July 2009 to 31 December 2009.

### 2.5 Basis of Consolidation

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

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

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

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

The difference due to translation of financial statements of VNDm 118,766, in which VNDm 60,031 arisen in the year 2010 (VNDm 58,735 for the period from 3 Jul 2009 to 31 Dec 2009), is 50% of the surplus arising from the translation of Indovina Joint Venture Bank's financial statements as at 31 December 2010 in US dollar to Vietnam dong for consolidation purpose. The Bank recognized this surplus under equity method of accounting (see Note 11).

### 2.6 Changes in Accounting Policies

In 2010, the Bank has adopted Circular No. 244/2009/TT-BTC issued on 31 December 2009 by the Ministry of Finance amending, supplementing and providing guidance to the corporate accounting regime, accordingly, the following changes in accounting policies have been made since 1 January 2010:

- For the share dividend and bonus share received, the Bank no longer recognizes revenue based on face value of the shares. Instead, the Bank only updates the number of shares.
- Bonus and welfare funds are recorded in payable account instead of equity account.

In addition, for the period, the Bank has adopted Circular 203/2009/TT-BTC dated 20 October 2009 providing guidance for the management, usage and depreciation of fixed asset which has taken effect since 1 January 2010, accordingly, the lease payment made in advance for the land use right at Ciputra is reclassified from Intangible Fixed Asset to Prepaid expense and allocated to Operating expense according to the lease term.

As Circular 244/2009/TT-BTC and Circular 203/2009/TT-BTC do not require retrospective application, comparative figures as at 31 December 2009 and for the period from 03 July 2009 to 31 December 2009 do not include these above adjustments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 2. Significant Accounting Policies (continued)

### 2.7 Offsetting

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

### 2.8 Use of Estimates

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

### 2.9 Fiduciary Assets

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

### 2.10 Cash and Cash Equivalents

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

### 2.11 Loans and Advances to Customers

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

### 2.12 Provision for Credit Losses

In accordance with the Law on Credit Institutions effective from 1 October 1998, Law on Amendments and Additions to a number of articles of the Law on Credit Institutions effective from 1 October 2004, Decision 1627/2001/QD-NHNN dated 31 December 2001 by the Governor of the State Bank of Vietnam on the issuance of lending regulations for Credit institutions, Decision 127/2005/QD-NHNN dated 3 February 2005 amending and supplementing to a number of lending regulations under Decision 1627/2001/QD-NHNN, Decision 493/2005/QD-NHNN dated 22 April 2005 and Decision 18/2006/QD-NHNN issued by the State Bank of Vietnam on loan classification and appropriation, setting up and use of reserves for handling credit risks, the Bank is required to classify loans and create provisions for credit losses. Accordingly, loans are graded using the following risk classifications: Current, Special Mention, Substandard, Doubtful and Loss based on the payment arrears status and other qualitative factors.

Net loan and advance exposure for each individual customer is calculated by subtracting from the loan balance the related determined value of collateral which is subject to certain accepted discount rates in accordance with Decision 493/2005/QD-NHNN and Decision 18/2006/QD-NHNN.

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

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

## 2. Significant Accounting Policies (continued)

### 2.12 Provision for Credit Losses (continued)

In accordance with Decision 493/2005/QĐ-NHNN, loan classification is to be made at the end of each quarter for the first three quarters and on 30 November for the last quarter each year.

In accordance with Decision 493/2005/QĐ-NHNN, general provision is made for credit losses which are yet to be identified during the loan classification and specific provision making process as well as in case of the Bank's potential financial difficulty due to deterioration in loan quality. Accordingly, the Bank is required to fully create and maintain a general provision at 0.75% of total of loans classified in groups 1 to 4 within 5 years commencing May 2005.

These provisions are recorded in the consolidated income statement as an expense that will be used to write off any credit losses incurred. According to Decision 493/2005/QĐ-NHNN the Bank sets up Risk Settlement Committee in order to write off loans if they are classified under Group 5 or if the borrowers have been liquidated or are bankrupt entities, or if individual borrowers are deceased or are missing.

Details for debts classification, provision calculation and recorded provision figures as at 31 December 2010 are presented in Note 9.

### 2.13 Trading Securities

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

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

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

Trading securities are subsequently subject to review for value diminution as at balance sheet date. Provision for decline in value is made when book value of the securities is higher than market value and recognized as "Net gain/loss from securities trading" in the consolidated income statement.

### 2.14 Investment Securities

#### 2.14.1 Available-for-Sale Securities

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

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

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

In subsequent periods, debt available-for-sale securities are recognized at par value, any discount or surplus (if any) is amortized to the consolidated income statements using straight-line method over the estimated remaining term of securities. Interest is accrued and recognized in to consolidated income statement using straight-line method.

Periodically, available-for-sale investments are subject to impairment review. Provision is made for prolonged decline in market value of the securities and is recorded in the consolidated income statement as "Net Gain/loss from securities investment".

## 2. Significant Accounting Policies (continued)

### 2.14 Investment Securities (continued)

#### 2.14.2 Held-to-Maturity Securities

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

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

In subsequent period, held-to-maturity investment securities are recognized at par value, any discount or surplus (if any) is amortized on income statement using straight-line method over the estimated remaining term of securities. Interest is accrued and recognized in to consolidated income statement using straight-line method. Periodically, held-to-maturity securities are subject to impairment review. Provision is made for prolonged decline in market value of the securities and is recorded in the consolidated income statement as "Net Gain/loss from securities investment".

### 2.15 Repurchase and Reverse Repurchase Agreements

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

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

### 2.16 Investment in Joint Venture

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

The investment in Indovina Joint Venture Bank was made in the United States dollar ("USD"), which is also the reporting currency of Indovina Joint Venture Bank. Accounting policies applicable to the translation of Indovina financial statements into Vietnamese Dong for the purpose of accounting of the investment under equity method in the consolidated financial statements is presented in Note 2.30.

Details of the Bank's investment in joint venture are presented in Note 11.1.

### 2.17 Investment in Associate

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

## 2. Significant Accounting Policies (continued)

### 2.17 Investment in Associate (continued)

The investment is initially recognized at cost and its book value might increase or decrease reflecting the Bank's share in net asset of the associate. The loss incurred exceeding investment cost is recorded only when the Bank bears corresponding obligation. The Bank's share in net profit of the associate is recognized in to the consolidated income statement. Any direct change in owners' equity of associate is recognized in the Bank's consolidated balance sheet at the amount reflecting the Bank's share in the changes.

The financial statements of the associate used for consolidation have the same accounting period with the Bank's and accounting policies which are consistent with those used by the Bank for transactions and events with similar characteristics in similar circumstances.

Details of the investment in associate are presented in Note 11.2.

### 2.18 Other Long Term Investments

Other long term investment represents the Bank and its subsidiaries' capital investments in other enterprises in that the Bank and its subsidiaries own less than 20% of voting right and of which the Bank and its subsidiaries are foundation shareholder; or strategic partner; or are capable of controlling, to some extent, the process of initiating and approving financial and operational policies of the investee by a written agreement on delegating personnel to take part in the Board of Directors/Board of Management.

The investment is initially recognized at cost as at the transaction date and subsequently carried at cost.

Periodically, long term investments are subject to impairment review. For securities investments, provision for impairment is recognized into consolidated statement of income when their market values fall below their book values; and for capital contributions, when there is objective evidence of prolonged decline in value.

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

### 2.19 Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortization.

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

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

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

### 2.20 Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 2. Significant Accounting Policies (continued)

### 2.20 Tangible Fixed Assets (continued)

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

### 2.21 Lease

#### 2.21.1 Bank and/ or Its Subsidiaries as Lessee

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

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

#### 2.21.2 Bank and/ or Its Subsidiaries as Lessor

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

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

### 2.22 Depreciation and Amortization

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

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

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

## 2. Significant Accounting Policies (continued)

### 2.23 Revenue and Expenditure Recognition

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

Fees and commissions are recognized on a cash basis.

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

### 2.24 Enterprise Income Taxes

#### Current Tax

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

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

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

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

#### Deferred Tax

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

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

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

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

- Where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 2. Significant Accounting Policies (continued)

#### 2.24 Enterprise Income Taxes (continued)

- In respect of deductible temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures, deferred tax assets are recognized only to the extent that it is positive that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

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

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

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

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

#### 2.25 Other Receivables

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

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

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

Overdue time	Provisioning rate
From six months to less than one year	30%
From one to less than two years	50%
From two to less than three years	70%
Over three years	100%

## 2. Significant Accounting Policies (continued)

### 2.26 Business Combination and Goodwill

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

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

### 2.27 Derivatives

#### 2.27.1 Forward and Swap Contracts

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

#### 2.27.2 Currency Option Contracts

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

### 2.28 Provision for off-balance-sheet commitments

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

Provision for off-balance-sheet commitments is calculated similarly to that for loans and advances to customers as prescribed in Note 2.12. Provision expense is charged into "Provision for off-balance sheet commitments" in the consolidated income statement and provision balance is carried in the consolidated balance sheet as "Other liabilities".

## 2. Significant Accounting Policies (continued)

### 2.29 Employee Benefits

#### 2.29.1 Post Employment Benefits

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

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

#### 2.29.2 Voluntary Resignation and Retrenchment Benefits

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

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

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

#### 2.29.3 Unemployment Allowance

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 2. Significant Accounting Policies (continued)

#### 2.30 Foreign Currency Transactions

All transactions are recorded in original currency. Monetary assets and liabilities denominated in foreign currencies at year-end are translated into VND using exchange rates ruling at the balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December 2010 in Note 46). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Unrealized foreign exchange differences arising from the translation of monetary assets and liabilities nominated in foreign currencies at the balance sheet date are recognized in the consolidated income statement.

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

### 3. Cash, Gold and Gemstones

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Cash in VND	2,119,542	1,593,458
Cash in foreign currencies (FC)	690,864	609,119
Valuable papers in FC	3,542	1,483
Gold, other precious metal and gemstones	-	-
	<b>2,813,948</b>	<b>2,204,060</b>

### 4. Balances with the State Bank of Vietnam ("The SBV")

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Settlement accounts with the State Bank of Vietnam	5,036,794	5,368,942
- In VND	4,220,351	4,038,874
- In FC	816,443	1,330,068
Escrow account	-	-
	<b>5,036,794</b>	<b>5,368,942</b>

Balances with the State Bank of Vietnam are kept for purposes of settlement and maintenance of compulsory deposits. For the period from 01 Jan 2010 to 31 Dec 2010, compulsory deposits in VND and settlement deposits in foreign currency earn annual interest at rates of 1.20% and 0.10% respectively (the rates were 3.60% and 1.00% previously).

In accordance with the regulations of the SBV, the Bank is required to maintain certain cash reserves with the SBV in the form of compulsory deposits. At the reporting date, reserve ratios are 3.00% and 4.00% (2009: 3.00% and 6.00%) applicable to customer deposits in VND and foreign currencies having terms of less than 12 months; and 1.00% and 2.00% (2009: 1.00% and 3.00%) for customer deposits in VND and foreign currencies having terms from 12 months to 24 months. Accordingly, the total required

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 4. Balances with the State Bank of Vietnam (“The SBV”) (continued)

average compulsory deposits (in both VND and foreign currencies) in December 2010 are 5,220,532 VNDm.

Over the year, the Bank has maintained its compulsory deposits in compliance with the compulsory deposit requirement notifications from the SBV.

### 5. Placements with and Loans to Other Banks

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Placements with other banks	46,680,157	22,499,128
Loans to other banks	4,290,000	1,546,024
Provisions for loans to other banks	(9,375)	-
	<b>50,960,782</b>	<b>24,045,152</b>

#### 5.1 Placements with Other Banks

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Current accounts		
- In VND	143,297	59,807
- In FC	5,634,342	5,557,840
Term deposits		
- In VND	37,084,880	7,683,130
- In FC	3,817,638	9,198,351
	<b>46,680,157</b>	<b>22,499,128</b>

#### 5.2 Loans to Other Banks

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
In VND	4,290,000	1,456,319
In FC	-	89,705
Provision for loans to other banks	(9,375)	-
	<b>4,280,625</b>	<b>1,546,024</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 5. Placements with and Loans to Other Banks (continued)

#### 5.2 Loans to Other Banks (continued)

Classification of loans to other banks as at 31 November 2010 is as follows:

	Loan balance VNDm	Specific provision VNDm	General provision (*) VNDm
Current	3,096,400	-	9,375
Special Mention	-	-	-
Substandard	-	-	-
Doubtful	-	-	-
Loss	-	-	-
	<b>3,096,400</b>	<b>-</b>	<b>9,375</b>

(\*) General provision rate is 0.75% for loan balance from group 1 to group 4. As at 30 November 2010 the provision for loans to other banks (excluding the loans which have been settled in December) is VNDm 1,250,000.

As at 31 December 2010, the Bank has fully made general provision for the loans to other banks.

### 6. Trading Securities

Investments in trading securities as at 31 December 2010 and 31 December 2009 include:

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Debt securities</b>		
• Securities issued by the Government of Vietnam	29,123	232,868
• Securities issued by other local credit institutions	53,951	-
• Securities issued by local business entities	-	-
• Foreign debt securities	-	-
<b>Equity securities</b>		
• Securities issued by other credit institutions	31,986	1,436
• Securities issued by local business entities	115,701	68,123
• Foreign equity securities	-	-
<b>Other trading securities</b>	-	-
<b>Provision for trading securities</b>	<b>(6,558)</b>	<b>(3,394)</b>
	<b>224,203</b>	<b>299,033</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 6. Trading Securities (continued)

Listing status of trading securities is as follows:

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Debt securities</b>		
• Listed	29,123	232,868
• Unlisted	53,951	-
<b>Equity securities</b>		
• Listed	37,921	63,001
• Unlisted	109,766	6,558
<b>Other trading securities</b>		
• Listed	-	-
• Unlisted	-	-
	<b>230,761</b>	<b>302,427</b>

### 7. Derivative Financial Instruments and Other Financial Assets

	Total net book value (at the exchange rate of 31 Dec 2010)	
	Assets VNDm	Liabilities VNDm
<b>As at 31 Dec 2010</b>		
<b>Currency derivative financial instruments</b>	<b>19,242</b>	-
Forward contracts	2,184	-
Swap contracts	17,058	-
Purchase of currency option contracts	-	-
• Put options	-	-
• Call options	-	-
Sale of currency option contracts	-	-
• Put options	-	-
• Call options	-	-
Currency futures	-	-
Other derivative financial instruments	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 7. Derivative Financial Instruments and Other Financial Assets (continued)

	Total net book value (at the exchange rate of 31 Dec 2010)	
	Assets VNDm	Liabilities VNDm
<b>As at 31 Dec 2009</b>		
<b>Currency derivative financial instruments</b>	<b>75,228</b>	<b>(220,091)</b>
Forward contracts	75,228	-
Swap contracts	-	(220,091)
Purchase of currency option contracts	-	-
• Put options	-	-
• Call options	-	-
Sale of currency option contracts	-	-
• Put options	-	-
• Call options	-	-
Currency futures	-	-
<b>Other derivative financial instruments</b>	<b>-</b>	<b>-</b>

### 8. Loans and Advances to Customers

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Loans to local business entities and individuals	229,521,886	160,660,015
Discounting valuable papers	1,795,264	562,928
Receivables from financial leases	1,222,332	820,736
Receivables from capital financing and investment trust	1,641,732	1,082,533
Trusted loans	23,594	40,394
Frozen loans and loans pending for resolution	1	3,879
	<b>234,204,809</b>	<b>163,170,485</b>

	Period from 01 Jan 2010 to 31 Dec 2010 interest rate % p.a.	Period from 03 Jul 2009 to 31 Dec 2009 interest rate % p.a.
Receivables from financial leases	From 9.8 to 19	From 10.5 to 21
Commercial loans in VND	From 6.8 to 22.2	From 7.5 to 21
Commercial loans in FC	From 4.7 to 14	From 5 to 10

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 8. Loans and Advances to Customers (continued)

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

#### 8.1 Analysis of Loan Portfolio by Quality

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Current	230,266,753	160,509,665
Special mention	2,399,518	1,660,011
Substandard	924,605	230,305
Doubtful	410,692	332,955
Loss	203,242	437,549
	<b>234,204,809</b>	<b>163,170,485</b>

#### 8.2 Analysis of Loan Portfolio by Original Term

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Short-term loans	141,377,034	93,372,221
Medium-term loans	27,660,107	22,396,688
Long-term loans	65,167,668	47,401,576
	<b>234,204,809</b>	<b>163,170,485</b>

#### 8.3 Details of Loan Portfolio by Type of Business Entity

	31 Dec 2010 VNDm	%	31 Dec 2009 VNDm	%
<b>Corporate loans</b>				
Central state-owned enterprises	32,267,888	13.78	24,545,794	15.04
Provincial state-owned enterprises	5,673,085	2.42	4,118,455	2.52
State limited companies	16,491,032	7.04	5,227,051	3.20
Private limited companies	44,837,788	19.14	31,594,710	19.36
State joint-stock companies	36,217,108	15.46	20,674,343	12.67
Other joint-stock companies	37,369,256	15.96	27,149,067	16.64
Partnership companies	4,910	0.01	36,663	0.02
Private companies	10,735,599	4.58	9,760,987	5.98
Foreign invested enterprises	3,801,816	1.62	3,254,723	1.99
Co-operatives	1,146,287	0.49	1,090,403	0.67
<b>Loans to individuals</b>	<b>45,391,524</b>	<b>19.38</b>	<b>34,489,483</b>	<b>21.14</b>
<b>Other loans</b>	<b>268,516</b>	<b>0.11</b>	<b>1,228,806</b>	<b>0.75</b>
	<b>234,204,809</b>	<b>100.00</b>	<b>163,170,485</b>	<b>100.00</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 8. Loans and Advances to Customers (continued)

#### 8.4 Analysis of Loan Portfolio by Type of Industrial Sectors

Analysis of loan portfolio by type of industrial sectors as at 31 Dec 2010 and 31 Dec 2009 is as follows:

	31 Dec 2010 VNDm	%	31 Dec 2009 VNDm	%
Agricultural and Forestry	3,998,167	1.71	5,309,319	3.25
Aquaculture	1,131,144	0.48	1,629,820	1.00
Mining and quarrying	13,538,616	5.78	3,769,577	2.31
Manufacturing and processing	66,521,754	28.40	41,025,501	25.14
Electricity, Petroleum & Water	8,398,249	3.59	15,997,958	9.80
Construction	26,761,802	11.43	17,885,395	10.96
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal goods	27,138,852	11.59	34,429,682	21.10
Hospitality services	4,846,514	2.07	4,320,772	2.65
Transport, warehouse and communications	17,249,959	7.37	15,280,939	9.37
Financial intermediation	1,549,524	0.66	641,464	0.39
Science and technology	220,294	0.09	199,175	0.12
Business and advisory services	3,351,458	1.43	1,142,348	0.70
State management, security and national defense: party, union, social guarantee	43,766	0.02	637,523	0.39
Education and training	973,029	0.42	402,623	0.25
Health care and social work	1,138,814	0.49	1,034,529	0.63
Recreational, culture, sporting activities	106,509	0.05	194,538	0.12
Community, social and personal service activities	12,963,851	5.54	9,881,804	6.06
Households	43,441,399	18.55	3,670,794	2.25
International organizations and bodies	4,084	0.01	13,649	0.01
Others	827,024	0.35	5,703,075	3.50
	<b>234,204,809</b>	<b>100.00</b>	<b>163,170,485</b>	<b>100.00</b>

In 2010, the Bank has changed its method of grouping loans to industrial sector codes. This change is not applied for 2009's figures

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 9. Changes in Provision for Credit Losses

Changes in the provision for loans and advances to customers during the period from 01 January 2010 to 31 December 2010 are summarized below:

	Specific provision VNDm	General provision VNDm	Total VNDm
<b>Beginning balance</b>	<b>317,414</b>	<b>1,233,695</b>	<b>1,551,109</b>
Provision charged during the period	2,597,556	977,503	3,575,059
Reversal of provision during the period	(359,429)	(565,510)	(924,939)
Others	-	2,920	2,920
<b>Balance as at 30 November</b>	<b>2,555,541</b>	<b>1,648,608</b>	<b>4,204,149</b>
Bad debts written-off in December	(1,434,247)	-	(1,434,247)
<b>Closing balance</b>	<b>1,121,294</b>	<b>1,648,608</b>	<b>2,769,902</b>

Changes in the provision for contingent liabilities and off-balance sheet commitments exposures during the period from 01 January 2010 to 31 December 2010 are as follows:

	Specific provision VNDm	General provision VNDm	Total VNDm
<b>Beginning balance</b>	<b>24,636</b>	<b>201,474</b>	<b>226,110</b>
Provision charged during the period	298,986	65,746	364,732
Reversal of provision during the period	-	-	-
Others	-	-	-
<b>Balance as at 30 November</b>	<b>323,622</b>	<b>267,220</b>	<b>590,842</b>
Bad debts written-off in December	-	-	-
<b>Closing balance</b>	<b>323,622</b>	<b>267,220</b>	<b>590,842</b>

Changes in the provision for loans and advances to customers during the period from 03 July 2009 to 31 December 2009 are summarized below:

	Specific provision VNDm	General provision VNDm	Total VNDm
<b>Beginning balance</b>	-	-	-
Transferred from the Vietnam Bank for Industry and Trade before equitization	847,567	997,248	1,844,815
Provision charged during the period	1,103,786	433,525	1,537,311
Reversal of provision during the period	(563,907)	(197,078)	(760,985)
Others	-	-	-
<b>Balance as at 30 November</b>	<b>1,387,446</b>	<b>1,233,695</b>	<b>2,621,141</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 9. Changes in Provision for Credit Losses (continued)

	Specific provision VNDm	General provision VNDm	Total VNDm
Bad debts written-off in December	(1,070,032)	-	(1,070,032)
<b>Closing balance</b>	<b>317,414</b>	<b>1,233,695</b>	<b>1,551,109</b>

Changes in the provision for contingent liabilities and off-balance sheet commitments exposures during the period from 03 July 2009 to 31 December 2009 are as follows:

	Specific provision VNDm	General provision VNDm	Total VNDm
<b>Beginning balance</b>	-	-	-
Transferred from the Vietnam Bank for Industry and Trade before equitization	247,752	168,209	415,961
Provision charge during the period		33,265	33,265
Reversal of provision during the period	(223,116)	-	(223,116)
Others	-	-	-
<b>Balance as at 30 November</b>	<b>24,636</b>	<b>201,474</b>	<b>226,110</b>
Bad debts written-off in December	-	-	-
<b>Closing balance</b>	<b>24,636</b>	<b>201,474</b>	<b>226,110</b>

The Bank and its subsidiaries conduct loan classification according to Decision 493/2005/QD-NHNN and Decision 18/2007/QD-NHNN. Accordingly, provision for credit losses as at 30 November is made based on classification of outstanding loan balances and off-balance sheet exposures as at 30 November.

Breakdown of loan classification and credit loss provision required by Decision 493/2005/QD-NHNN, Decision 18/2007/QD-NHNN and the Bank's loan classification and provision Policy as at 30 November 2010 is as follows:

Classification	Loan balance (*) VNDm	Specific provision VNDm	General provision VNDm	Total VNDm
Current	215,959,784	-	1,619,698	1,619,698
Special mention	2,691,436	662,223	17,984	680,207
Substandard	1,002,682	236,106	7,520	243,626
Doubtful	472,060	157,998	3,406	161,404
Loss	1,688,670	1,499,214	-	1,499,214
	<b>221,814,632</b>	<b>2,555,541</b>	<b>1,648,608</b>	<b>4,204,149</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 9. Changes in Provision for Credit Losses (continued)

Provision for contingent liabilities and off-balance sheet exposures as at 30 November 2010 is as follows:

Classification	Off balance sheet exposures (*) VNDm	Specific provision VNDm	General provision VNDm	Total VNDm
Current	35,546,055	-	266,596	266,596
Special Mention	70,460	3,521	528	4,049
Substandard	6,844	1,017	51	1,068
Doubtful	541,703	301,918	45	301,963
Loss	17,166	17,166	-	17,166
	<b>36,182,228</b>	<b>323,622</b>	<b>267,220</b>	<b>590,842</b>

(\*) Balance as at 30 November 2010

As at 30 November 2010, the Bank's outstanding loan balance includes the loans to members of the Vietnam Shipbuilding Industry Group (Vinashin) and former Vinashin's subsidiaries currently belonging to Petrovietnam Oil and Gas Group (PVN) and Vietnam National Shipping Lines Company (Vinalines). These loans have been classified according to the instructions from the Government on freezing and restructuring the loans to Vinashin and its subsidiaries which has been transferred to PVN and Vinalines.

### 10. Investment Securities

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Available-for-sale securities</b>	<b>55,645,824</b>	<b>33,864,198</b>
<b>Debt securities</b>	<b>55,500,801</b>	<b>33,756,957</b>
Government bonds	30,942,995	24,423,861
Debt securities issued by other local credit institutions	6,907,060	2,000,464
Debt securities issued by local business entities	17,650,746	7,332,632
Foreign debt securities	-	-
<b>Equity securities</b>	<b>145,023</b>	<b>107,241</b>
Equity securities issued by other local credit institutions	-	-
Equity securities issued by local business entities	145,023	107,241
Foreign equity securities	-	-
<b>Provision for impairment of available-for-sale securities (*)</b>	<b>(269,146)</b>	<b>-</b>
<b>Held-to-maturity securities</b>	<b>6,208,700</b>	<b>5,112,850</b>
<b>Debt securities</b>		
Securities issued by Government	2,378,700	3,282,850
Debt securities issued by other local credit institutions	80,000	80,000
Debt securities issued by local business entities	3,750,000	1,750,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 10. Investment Securities (continued)

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Foreign debt securities	-	-
<b>Provision for impairment of held-to-maturity securities</b>	-	-
	<b>61,585,378</b>	<b>38,977,048</b>

(\*) In 2010, the Bank has made provision for corporate bonds issued by Vinashin at the rate of 50% of the par value of the bonds (accordingly the provision for Vinashin's bonds is VND 250 billion). The provision expense is presented in Note 30.

#### 10.1 Available-for-Sale Securities

Details of debt securities available-for-sale held by the Bank and its subsidiaries as at 31 December 2010 and 31 December 2009 are as follows:

	31 Dec 2010		31 Dec 2009	
	Nominal value VNDm	Carrying value VNDm	Nominal value VNDm	Carrying value VNDm
<b>Securities issued by the Government</b>	<b>30,879,800</b>	<b>30,942,995</b>	<b>24,381,350</b>	<b>24,423,861</b>
Treasury bills	440,280	440,280	2,900,000	2,900,000
Government bills in VND	29,412,437	29,475,632	20,009,037	20,051,548
Government bills in USD	-	-	230,685	230,685
Municipal bonds issued by People's Committee of HCM City	1,017,083	1,017,083	1,017,083	1,017,083
Municipal bonds issued by People's Committee of Hanoi	10,000	10,000	224,545	224,545
<b>Debt securities issued by other local credit institutions</b>	<b>6,916,000</b>	<b>6,907,060</b>	<b>2,011,000</b>	<b>2,000,464</b>
Bond issued by Petro Vietnam JS Finance Corporation	1,200,000	1,200,000	200,000	200,000
Bond issued by Vietnam Bank for Social Policies	1,000,000	1,000,000	-	-
Bonds issued by Vietnam Bank for Agricultural and Rural Development	170,000	164,985	170,000	164,117
Bonds issued by Bank for Investment and Development of Vietnam	391,000	387,075	391,000	386,347
Bonds issued by Asian Commercial JS Bank	50,000	50,000	50,000	50,000
Bonds issued by Sai Gon Commercial JS Bank	200,000	200,000	100,000	100,000
Bonds issued by Technological and Commercial JS Bank	100,000	100,000	100,000	100,000
Bonds issued by Hanoi Building Commercial JS Bank	600,000	600,000	300,000	300,000
Bonds issued by Maritime JS Bank	700,000	700,000	500,000	500,000
Bonds issued by International Commercial JS Bank	200,000	200,000	200,000	200,000
Bond issued by Indovina Bank Limited	1,250,000	1,250,000	-	-
Bond issued by Hochiminh Housing Development JS Bank	455,000	455,000	-	-
Bond issued by Military JS Bank	300,000	300,000	-	-
Bond issued by Vietnam Prosperity JS Commercial Bank	300,000	300,000	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 10. Investment Securities (continued)

#### 10.1 Available-for-Sale Securities (continued)

	31 Dec 2010		31 Dec 2009	
	Nominal value VNDm	Carrying value VNDm	Nominal value VNDm	Carrying value VNDm
<b>Debt securities issued by local business entities</b>	<b>17,650,135</b>	<b>17,650,746</b>	<b>7,332,135</b>	<b>7,332,632</b>
Bond issued by Vietnam Electricity Corporation	1,749,910	1,750,286	809,910	810,950
Bonds issued by Vietnam Shipbuilding Industry Group	500,000	500,000	500,000	500,000
Bonds issued by Vietnam Machinery Erection Corporation	50,000	50,000	50,000	50,000
Bonds issued by Vietnam National Coal – Mineral Industries Group	700,000	700,000	700,000	700,000
Bonds issued by Song Da Group	530,000	530,000	-	-
Bonds issued by Vinaconex Corporation	1,000,000	1,000,000	-	-
Bonds issued by FPT Corporation	500,000	500,000	500,000	500,000
Bonds issued by Nova Real Estate JS Company	1,622,225	1,622,225	1,622,225	1,622,225
Bonds issued by Vinpearl Land Tourism JS Company	1,200,000	1,200,000	1,200,000	1,200,000
Bonds issued by Vietnam Steel JS Company	600,000	600,000	600,000	600,000
Bonds issued Cong Thanh Cement JS Company	2,500,000	2,500,000	300,000	300,000
Bonds issued by Expressway Corporation	1,168,000	1,168,049	300,000	300,000
Bonds issued by Minh Phu Sea food Corporation	250,000	250,000	50,000	50,000
Bonds issued by Kinh Bac Urban Development JS Company	650,000	650,000	650,000	650,000
Bonds issued by Saigon Commercial Company	-	-	20,000	19,457
Bonds issued by Mountainous Design Supporting Commercial Company	30,000	30,000	30,000	30,000
Bond issued by Sungroup JS Company	1,000,000	1,000,186	-	-
Bond issued by Eco Investment and Development JS Company	2,000,000	2,000,000	-	-
Bond issued by C&T International JS Company	600,000	600,000	-	-
Bond issued by Bitexco (Mariot) JS Company	550,000	550,000	-	-
Bond issued by Bitexco (Hoang Mai) JS Company	400,000	400,000	-	-
Bond issued by Son Ha Company	50,000	50,000	-	-
	<b>55,445,935</b>	<b>55,500,801</b>	<b>33,724,485</b>	<b>33,756,957</b>

- Treasury bills have a term of less than 1 year and earn interest at rates ranging from 10.60% to 11.68% per annum (31/12/2009: 7.49% to 10.40% per annum), in which interest is paid in advance;
- Government bonds in VND have term ranging from 2 to 15 years and bear interest at rates ranging from 6.50% to 16.50% (31/12/2009: from 6.50% to 17.50% p.a.), interest is paid annually;
- Municipal bonds issued by People's Committee of Ho Chi Minh City have terms ranging from 3 to 15 years. These bonds are issued in different times, earning interest at rates ranging from 7.80% to 10.4% per annum depending on each issuance (31/12/2009: 7.80% to 10.40% p.a.), interest is paid annually;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 10. Investment Securities (continued)

### 10.1 Available-for-Sale Securities (continued)

- Municipal bonds issued by Hanoi People's Committee have a term of 5 years and bear interest at rate of 8.70% per annum, interest is paid annually;
- Bonds issued by Petro Vietnam Joint Stock Finance Company have terms of 5 years and 2 years, bearing interest at the rate of 8.60% per annum and floating interest rate (12.5% for the first period) respectively, interest is paid annually;
- Bonds issued by Vietnam Bank for Social Policies have a term of 2 years and bear interest at rates ranging from 12.00% to 12.10% per annum, interest is paid annually;
- Bonds issued by Vietnam Bank for Agriculture and Rural Development have terms ranging from 10 to 15 years and bear interest at rates ranging from 9.80% to 10.20% per annum (31/12/2009: from 9.80% to 10.20% p.a.), interest is paid annually;
- Bonds issued by Bank for Investment and Development of Vietnam have term ranging from 5 to 10 years and bear interest at rates ranging from 8.15% to 9.08% per annum. (31/12/2009: from 8.15% to 9.80% p.a.), interest is paid annually;
- Bonds issued by Asia Commercial Bank have a term of 5 years and bear interest at rate of 8.60% per annum (31/12/2009: 8.60% p.a.) and interest is paid annually;
- Bonds issued by Sai Gon Commercial JS Bank have a term of 3 years and bear floating interest rate. For the first period, interest rate is 11.5% and paid in advance; for subsequent periods, interest is paid annually. The latest interest rate applied is 12%;
- Bonds issued by Technological and Commercial JS Bank have a term of 3 years and bear floating interest rate (rate of 12% per annum applied for the latest interest period), interest is paid annually;
- Bonds issued by Hanoi Building Commercial Joint stock Bank have a term of 2 years and bear floating interest rate, interest is paid annually (prepaid interest rate was 11.35% p.a. applied for the first year, 13.8% p.a. applicable for the latest interest period);
- Bonds issued by Maritime Joint stock Bank have a term of 2 years and earn floating interest rate, interest is paid annually (prepaid interest rate was 11.66% p.a. applied for the first year, the rate of 13.8% p.a. applicable for the latest interest period);
- Bonds issued by International Commercial Joint stock Bank have a term of 2 years and earn floating interest rate (the rate of 14% applicable for the latest interest period), interest is paid annually;
- Bonds issued by Indovina Bank Limited have a term of 2 years and earn floating interest rate (11.90% applicable for the first year), interest is paid annually;
- Bonds issued by Hochiminh Housing Development JS Bank have a term of 6 months and 2 years, in which certificates of deposit have a term of 6 months, and earn fixed interest rate of 10.80% per annum, payable on maturity; bonds have a term of 2 years earn floating interest rate, interest is paid in advance for the first year with the rate of 11.90% p.a
- Bonds issued by Military JS Bank have a term of 3 years and earn floating interest rate, interest is paid in advance for the first year at rate of 11.27%, subsequently interest is paid annually;
- Bonds issued by Vietnam Prosperity JS Commercial Bank have a term of 2 years and earn floating interest rate (12.70% applicable for the first year), interest is payable on annual basis;
- Bonds issued by Vietnam Electricity Corporation have a term of 5 years and earn floating interest rate (as at 31 December 2010: ranging from 11.69% to 13.90% per annum), interest is paid annually;
- Bonds issued by Vietnam Shipbuilding Industry Group (Vinashin) have term ranging from 5 to 10 years and earn interest at rates ranging from 9.40% to 14.30% per annum, except two having floating interest rate. Interest is paid annually. However, Vinashin has not paid the interest for 2010.10. Investment Securities (continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 10.1 Available-for-Sale Securities (continued)

- Bonds issued by Vietnam Machinery Erection Corporation (LILAMA) have a term of 5 years and earn interest at rate of 9.60% per annum, interest is paid annually;
- Bonds issued by Vietnam National Coal – Mineral Industries Group have terms of 5 and 10 years and earn interest at rate of 9.50% per annum (10.40% for the first and second year) and floating interest rate respectively, interest is paid annually;
- Bonds issued by Song Da group have a term of 5 years and earn floating interest rate (15.00% applicable for the first year), interest is payable on annual basis;
- Bonds issued by Vinaconex Corporation have a term of 2 years and earn floating interest rate (14.00% applicable for the first year), interest is payable on annual basis.
- Bonds issued by FPT corporation have a term of 3 years, earn interest at rate of 7.00% per annum and an income from selling warrant (equivalent interest rate is 12.00% p.a.), interest is paid annually;
- Bonds issued by Nova Real estate Joint stock Company have a term of 5 years and earn floating interest rate (14.00% for the first year), interest is paid on a semi-annual basis;
- Vinpearl Land Tourism Joint stock Company have terms of 3 years and 5 years and earn floating interest rate (as at 31 December 2010: 14.20% and 14.70% respectively), interest is paid on a semi-annual basis;
- Bonds issued by Vina Steel Joint stock Company have a term of 3 years; earn floating interest rate (as at 31 December 2010: 14.8%), interest is paid on annual basis;
- Bonds issued by Cong Thanh Cement JS Company have a term of 5 years and 8 years, earn floating interest rate (as at 31 December 2010: ranging from 15.50% to 17.50%), interest is paid on annual basis;
- Bonds issued by Expressway Corporation have terms ranging from 3 to 5 years, interest rate ranging from 9.00% to 13.00% p.a., interest is paid annually;
- Bonds issued by Minh Phu Seafood Corporation have a term of 3 years and 5 years, the 5-year bonds bear fixed interest rate of 9.98% p.a., payable on annual basis; the 3-year bonds earn floating interest rate (as at 31 December 2010 the applicable rate is 18.00%), interest is paid semi-annually;
- Bonds issued by Kinh Bac Urban Development Joint stock Bank have a term of 5 years and earn interest at a rate of 11.50% on annual basis;
- Bonds issued by Mountainous Design Supporting Commercial Company have a term of 3 years and earn floating interest rate (as at 31 December 2010: 12.50% per annum), interest is paid on annual basis;
- Bonds issued by Sungroup JS Company have a term of 3 years and earn floating interest rate (as at 31 December 2010: 16.70% per annum), interest is paid on semi-annual basis;
- Bonds issued by Eco Investment and Development JS Company have a term of 3 years and 5 years and earn floating interest rate (as at 31 December 2010: 16.50% per annum), interest is paid on semi-annual basis;
- Bonds issued by C&T International JS Company have a term of 3 years and earn floating interest rate (as at 31 December 2010: 19% per annum), interest is paid on semi-annual basis;
- Bonds issued by Bitexco (Mariot) JS Company have a term of 5 years and earn floating interest rate (as at 31 December 2010: ranging from 16.20% to 19.00% per annum), interest is paid on semi-annual basis;
- Bonds issued by Bitexco (Hoang Mai) JS Company have a term of 5 years and earn floating interest rate (as at 31 December 2010: 18.00% per annum), interest is paid on semi-annual basis;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 10. Investment Securities (continued)

#### 10.1 Available-for-Sale Securities (continued)

- Bonds issued by Son Ha Company have a term of 2 years and earn floating interest rate (as at 31 December 2010: 16.00% per annum), interest is payable on semi-annual basis;

Details of the Bank's equity securities - available for sale as at 31 December 2010 and 31 December 2009 are as follows:

	31 Dec 2010		31 Dec 2009	
	Cost VNDm	Ownership percentage of the Bank %	Cost VNDm	Ownership percentage of the Bank %
<b>Investment in business entities</b>				
Thai Nguyen Iron and Steel JS Company	101,000	5.43	101,000	5.43
Phuoc Hoa Rubber JS Company	22,287	0.49	-	-
Ha Tien Cement JS Company	21,736	0.42	-	-
Vietnam National Reinsurance Corporation	-	-	6,241	0.45
	<b>145,023</b>		<b>107,241</b>	

#### 10.2 Held-to-maturity securities

	31 Dec 2010		31 Dec 2009	
	Nominal value VNDm	Carrying value VNDm	Nominal value VNDm	Carrying value VNDm
<b>Government securities</b>	<b>2,378,700</b>	<b>2,378,700</b>	<b>3,284,392</b>	<b>3,282,850</b>
Special Government Bonds	2,200,000	2,200,000	2,200,000	2,200,000
Government Bonds in VND	155,700	155,700	277,141	277,141
Education Bonds	-	-	590,741	589,199
Treasury bills	9,000	9,000	10,200	10,200
Municipal Bonds for irrigation works ("Irrigation Bonds")	4,000	4,000	15,010	15,010
Cau Moi Dong Nai water reservoir bonds	-	-	15,000	15,000
Municipal bonds issued by People's Committee of HCMC	-	-	150,000	150,000
Municipal bonds issued by People's Committee of Hanoi	10,000	10,000	26,300	26,300
<b>Debt securities issued by other credit institutions</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>
Bonds issued by Vietnam Bank for Agricultural and Rural Development	80,000	80,000	80,000	80,000
<b>Debt securities issued by other business entities</b>	<b>3,750,000</b>	<b>3,750,000</b>	<b>1,750,000</b>	<b>1,750,000</b>
Bonds issued by Vietnam Electricity Corporation	1,650,000	1,650,000	650,000	650,000
Bonds issued by Vinpearl Land Tourism JS Company	800,000	800,000	800,000	800,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 10. Investment Securities (continued)

### 10.2 Held-to-Maturity Securities (continued)

	31 Dec 2010		31 Dec 2009	
	Nominal value VNDm	Carrying value VNDm	Nominal value VNDm	Carrying value VNDm
Bonds issued by Nova Real Estate JS Company	300,000	300,000	300,000	300,000
Bonds issued by Vincom Jsc.	1,000,000	1,000,000	-	-
	<b>6,208,700</b>	<b>6,208,700</b>	<b>5,114,392</b>	<b>5,112,850</b>

- *Special Government Bonds*: These bonds have a term of 20 years commencing from 2002 - 2004 and earn a fixed interest rate of 3.30% per annum, interests are paid on each anniversary date of the bonds. The Bank is not permitted to sell, transfer or discount these bonds within 5 years from the date of issuance. From 3 July 2009, interest income on Special Government Bonds is treated as income from investment activities and recorded as the Bank's income in accordance with official letter No. 18036/BTC-TCNH. In 2010, the Bank received interest of VNDm 72,600 from the special Government bonds.

Details of Special Government Bonds as at 31 December 2010 are as follows:

	Start date	Maturity date	Interest rate (%/p.a.)	Nominal value VNDm
First issuance	20/09/2002	20/09/2022	3.30	1,000,000
Second issuance	04/06/2003	04/06/2023	3.30	400,000
Third issuance	18/11/2003	18/11/2023	3.30	400,000
Fourth issuance	21/12/2004	21/12/2024	3.30	400,000
				<b>2,200,000</b>

- *Government Bonds in VND* have terms of 2 years and 5 years, earning interest at rate ranging from 8.00% to 9.00% per annum. Interest is paid annually and at maturity;
- *Treasury Bonds* issued in 2009 are two-year term bonds that bear interest at rates of 9.00% per annum. Interest is paid at maturity;
- *Irrigation Bonds* were issued in 2009 and shall come to maturity in 2011, yielding interest at rate of 9.00% p.a., interest is paid at maturity;
- *Municipal bonds issued by People's Committee of Hanoi* have a term of 2 years and earn interest at rate of 9.00% p.a.. Interest is paid once at maturity;
- *Bonds issued by Vietnam Bank for Agricultural and Rural Development* have ten-year term and earn interest at rate of 9.80% per annum, interest is paid on annual anniversary. The Bank has ability and intention to hold these bonds to maturity;
- *Bonds issued by the Vietnam Electricity Corporation (EVN)* have a term of 5 years with floating interest rate. The applied rates as at 31 December 2010 were 12.58% and 13.90%. Interest is paid annually;
- *Bonds issued by Vinpearl Land* have term of 3 and 5 years with floating interest rate. The applied rates as at 31 December 2010 is 14.20% per annum for 3 year term bonds and 14.70% for 5 year term bonds. Interest is paid semi-annually;
- *Bonds issued by Vincom Jsc.* have term of 5 years with floating interest rate. The applied rate as at 31 December 2010 is 16.00% per annum. Interest is paid semi-annually;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 10. Investment Securities (continued)

#### 10.2 Held-to-Maturity Securities (continued)

- Bonds issued by Nova Real estate Commercial JS Company have term of 5 years with floating interest rate. The applied rate as at 31 December 2010 is 14.00% per annum. Interest is paid annually.

### 11. Long-Term Investments

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

#### 11.1 Investment in Joint Venture

Details of the Bank's investments in joint venture as at 31 December 2010 and 31 December 2009 are as follows:

	31/12/2010				31/12/2009			
	Cost in original currency (USD)	Cost in VND Equiv. VNDm	Carrying value under equity method VNDm	% owned by the Bank	Cost in original currency (USD)	Cost in VND Equiv. VNDm	Carrying value under equity method VNDm	% owned by the Bank
Indovina bank	82,500,000	1,392,058	1,782,208	50	62,500,000	1,002,058	1,294,150	50
	<b>82,500,000</b>	<b>1,392,058</b>	<b>1,782,208</b>		<b>62,500,000</b>	<b>1,002,058</b>	<b>1,294,150</b>	

Indovina joint venture bank was established in Vietnam, having its headquarter located in Hochiminh City; its main activity is providing banking services. Indovina bank is a joint venture between VietinBank and a Taiwanese bank, Cathay United Bank. Indovina has received the Certificate of Operation No. 08/NH-GP dated 29 October 1992 by the SBV with the operating period of 20 years and initial chartered capital of USD 25,000,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 11. Long-Term Investments (continued)

### 11.1 Investment in Joint Venture (continued)

Since its establishment, under the permission of the SBV, Indovina bank has raised its capital for several times, by which the total capital contributed by two parental banks has increased without change in the percentage of shareholding. Details of the capital raising are presented below:

No.	Year	Total capital (USD)	Contributed by VietinBank (USD)	Value (USD)	Document of acceptance by the SBV
1	2006	35,000,000	17,500,000	10,000,000	Document No. 9024/NHNN-CNH dated 23 October 2006
2	2007	50,000,000	25,000,000	15,000,000	Document No. 9278/NHNN-CNH dated 24 August 2007
3	2008	70,000,000	35,000,000	20,000,000	Document No. 5807/NHNN-CNH dated 26 June 2008
4	2008	100,000,000	50,000,000	30,000,000	Document No. 10560/NHNN-CNH dated 2 December 2008
5	2009	125,000,000	62,500,000	25,000,000	Document No. 8114/NHNN-TTGSNH dated 15 October 2009
6	2010	165,000,000	82,500,000	40,000,000	Document No. 6816/NHNN-TTGSNH dated 09 September 2010

### 11.2 Investment in Associate

Details of investment in associate as at 31 December 2010 and 31 December 2009 are as follows:

	31 Dec 2010			31 Dec 2009		
	Cost VNDm	Carrying value under equity method VNDm	% owned by the Bank	Cost VNDm	Carrying value under equity method VNDm	% owned by the Bank
Vietnam Gold Investment and Trading Company	-	-	-	3,000	3,160	17.6
				<b>3,000</b>	<b>3,160</b>	

Vietnam Gold Investment and Trading Company (Vietnamgold Corp) was officially granted Certificate of Operation No. 0103034158 dated 8 January 2009 with chartered capital of VNDm 100,000. As at 31 December 2010, its paid-up capital from shareholders amounted at VNDm 15,000. The company's main activities are to provide services of gold trading, exporting and to advise the investors. As at 31 December 2009, the contribution capital of VNDm 3,000 consists of VNDm 1,500 contributed by the Bank and VNDm 1,500 contributed by the VietinBank Securities Company.

On 22 June 2010, the Bank's Board of Directors issued Resolution No. 145/NQ-HDQT/NHCT44 approving the disposal of the Bank's shares in the Vietnam Gold Investment and Trading Company (VCG). On 8 July 2010, the Bank signed a contract to dispose its entire 150,000 shares in VCG.

On 17 June 2010, the Board of Directors of VietinBank Securities Company issued Resolution No. 37/QD-HDQT/CTCK approving the disposal of the company's shares in the Vietnam Gold Investment and Trading Company (VCG). On 1 October and 7 October 2010, the company signed a contract to dispose its entire 150,000 shares in VCG.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 11. Long-Term Investments (continued)

### 11.3 Other Long Term Investments

Details of other long-term investments as at 31 December 2010 and 31 December 2009 are as follows:

	31 Dec 2010			31 Dec 2009		
	Cost VNDm	Carrying value under equity method VNDm	% owned by the Bank	Cost VNDm	Carrying value under equity method VNDm	% owned by the Bank
<b>Investment in credit institutions</b>						
Saigon Bank for Industry and Trade	270,478	270,478	11.00	85,155	85,155	5.68
Gia Dinh Commercial Joint Stock Bank	16,888	16,888	0.84	16,888	16,888	1.69
Central People's Credit Fund	5,000	5,000	0.45	5,000	5,000	0.45
<b>Investment in business entities</b>						
Vietnam National Financial Switching Company	15,000	15,000	11.9	15,000	15,000	15.87
Ha Tien II Cement JS Company (*)	-	-	-	8,283	21,736	0.94
Phuoc Hoa Rubber JS Company (*)	-	-	-	4,000	22,287	0.49
PCB Investment JS Company	3,182	3,182	9.09	380	380	9.09
	<b>310,548</b>	<b>310,548</b>		<b>134,706</b>	<b>166,446</b>	

(\*) In 2010, the Bank has reclassified its investments in Ha Tien II Cement JS Company and Phuoc Hoa Rubber JS Company from long-term investments to available-for-sale securities due to the alteration in purpose of holding those securities. In 2010, Ha Tien II Cement JS Company has been merged with Ha Tien I Cement JS Company.

## 12. Fixed Assets

### 12.1 Tangible Fixed Assets

Movements of tangible fixed asset categories for the year ended 31 December 2010 are as follows:

	Buildings & construction VNDm	Machines & equipments VNDm	Motor vehicles VNDm	Others VNDm	Total VNDm
<b>Cost</b>					
As at 1 January 2010	835,803	2,216,774	446,709	200,231	3,699,517
Acquisitions during the year	8,243	691,016	122,176	66,715	888,150
Constructions completed	145,443	5,092	-	12,669	163,204
Other additions	401	-	1,277	-	1,678
Disposals	(49,178)	(87,080)	(9,632)	(3,179)	(149,069)
Other decreases	(5,528)	(1,849)	-	(23)	(7,400)
As at 31 December 2010	935,184	2,823,953	560,530	276,413	4,596,080

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 12. Fixed Assets (continued)

#### 12.1 Tangible Fixed Assets (continued)

Movements of tangible fixed asset categories for the year ended 31 December 2010 are as follows:

	Buildings & construction VNDm	Machines & equipments VNDm	Motor vehicles VNDm	Others VNDm	Total VNDm
<b>Accumulated depreciation</b>					
As at 1 January 2010	363,336	1,193,954	235,107	131,876	1,924,273
Depreciation charged during the year	69,126	449,846	55,106	26,795	600,873
Disposals	(38,914)	(86,319)	(9,363)	(816)	(135,412)
As at 31 December 2010	393,548	1,557,481	280,850	157,855	2,389,734
<b>Net book value</b>					
As at 1 January 2010	472,467	1,022,820	211,602	68,355	1,775,244
As at 31 December 2010	541,636	1,266,472	279,680	118,558	2,206,346

Movements of tangible fixed asset categories for the period from 03 July 2009 to 31 December 2009 are as follows:

	Buildings & construction VNDm	Machines & equipments VNDm	Motor vehicles VNDm	Others VNDm	Total VNDm
<b>Cost:</b>					
As at 3 July 2009	-	-	-	-	-
Transferred from business before equitization	670,052	1,912,831	393,699	178,662	3,155,244
Acquisitions during the period	118,597	353,340	62,449	11,475	545,861
Constructions completed	54,059	-	-	-	54,059
Other additions	2,666	1,254	-	13,022	16,942
Disposals	(9,444)	(48,260)	(9,439)	-	(67,143)
Reclassifications	-	-	-	(2,928)	(2,928)
Other decreases	(127)	(2,391)	-	-	(2,518)
As at 31 December 2009	835,803	2,216,774	446,709	200,231	3,699,517
<b>Accumulated depreciation</b>					
As at 3 July 2009	-	-	-	-	-
Transferred from business before equitization	344,964	1,063,623	213,280	120,316	1,742,183
Depreciation charged in the period	28,432	181,123	31,234	14,436	255,225
Disposals	(6,204)	(48,260)	(9,407)	-	(63,871)
Reclassifications	-	-	-	(2,876)	(2,876)
Other decreases	(3,856)	(2,532)	-	-	(6,388)
As at 31 December 2009	363,336	1,193,954	235,107	131,876	1,924,273

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 12. Fixed Assets (continued)

#### 12.1 Tangible Fixed Assets (continued)

	Buildings & construction VNDm	Machines & equipments VNDm	Motor vehicles VNDm	Others VNDm	Total VNDm
<b>Net book value</b>					
As at 3 July 2009	-	-	-	-	-
As at 31 December 2009	472,467	1,022,820	211,602	68,355	1,775,244

#### 12.2 Intangible Fixed Assets

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

	Ciputra land lease payment (*) VNDm	Term land use right VNDm	Accounting software VNDm	Others VNDm	Total VNDm
<b>Cost</b>					
As at 1 January 2010	849,888	681,362	215,460	9,906	1,756,616
Acquisitions during the year	-	274,114	104,479	1,452	380,045
Disposals	-	(5,373)	-	(139)	(5,512)
Other decreases	(849,888)	(1,738)	-	-	(851,626)
As at 31 December 2010	-	948,365	319,939	11,219	1,279,523
<b>Accumulated depreciation</b>					
As at 1 January 2010	84,988	36,669	111,573	1,100	234,330
Charged during the year	-	16,297	23,978	2,579	42,854
Other decreases	(84,988)	(3,833)	-	(139)	(88,960)
As at 31 December 2010	-	49,133	135,551	3,540	188,224
<b>Net book value</b>					
As at 1 January 2010	764,900	644,693	103,887	8,806	1,522,286
As at 31 December 2010	-	899,232	184,388	7,679	1,091,299

Movements of intangible fixed asset categories for the period from 03 July 2009 to 31 December 2009 are as follows:

	Ciputra land lease payment (*) VNDm	Term land use right VNDm	Accounting software VNDm	Others VNDm	Total VNDm
<b>Cost</b>					
As at 3 July 2009	-	-	-	-	-
Transferred from business before equitization	849,888	317,307	149,428	570	1,317,193
Acquisitions during the period	-	364,055	66,032	9,336	439,423
As at 31 December 2009	849,888	681,362	215,460	9,906	1,756,616

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 12. Fixed Assets (continued)

#### 12.2 Intangible Fixed Assets (continued)

	Ciputra land lease payment (*) VNDm	Term land use right VNDm	Accounting software VNDm	Others VNDm	Total VNDm
<b>Accumulated depreciation</b>					
As at 3 July 2009	-	-	-	-	-
Transferred from business before equitization	63,741	34,728	101,507	135	200,111
Charged during the period	21,247	1,941	10,066	965	34,219
As at 31 December 2009	84,988	36,669	111,573	1,100	234,330
<b>Net book value</b>					
As at 3 July 2009	-	-	-	-	-
As at 31 December 2009	764,900	644,693	103,887	8,806	1,522,286

### 13. Other Assets

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Interest and fee receivables	4,886,335	2,698,803
Constructions in progress (Note 13.1)	941,978	500,398
Receivables (Note 13.2)	1,402,858	1,513,906
Purchases and major repair of fixed assets	602,025	478,757
Deferred tax asset (Note 21.1)	-	44,458
Other assets (Note 13.3)	2,418,058	1,198,761
Provision for impairment of other assets	(4,718)	-
	<b>10,246,536</b>	<b>6,435,083</b>

#### 13.1 Constructions in Progress

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Constructions in progress</b>		
Major constructions:		
• Construction of Head Office at Ciputra	225,915	682
• Construction of Van Canh project, Ha Tay	160,014	81,852
• Ly Thuong Kiet construction project	130,611	84,225
• Construction of office – Thanh Xuan Branch	80,227	64,039
• Construction of Head office – Ba Dinh Branch	55,581	31,928
• Construction of Representative office – Central Region	28,971	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 13. Other Assets (continued)

#### 13.1 Constructions in Progress (continued)

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
• Construction of Head office – Bien Hoa Industrial zone Branch	16,684	15,745
• Construction of office – Branch 7	16,614	-
• Construction of Head Office – Hoang Mai Branch	12,783	-
• Construction of Education Centre in Hue	3,314	-
• Construction at No. 635B Nguyen Trai	2,455	-
• Construction of VietinBank Pleasure-house in Hoi An	2,096	-
• Construction of office and warehouse - Uong Bi Branch	-	9,118
• Construction of Hoa Lac Project	-	41,154
• Construction of Head office – Ha Giang Branch	-	26,513
• Construction of office – Phu Tho Town Branch	-	7,883
• Construction of Head office – Branch Ben Tre	-	7,299
• Construction of Head office – Yen Vien Branch	-	6,433
• Construction project No. 10 Le Lai Street	-	5,677
• Construction of office and warehouse – Phu Bai Branch	-	5,186
• Other constructions	206,713	112,664
	<b>941,978</b>	<b>500,398</b>

#### 13.2 Receivables

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Receivables from internal activities</b>		
Advances for other operating activities	78,011	52,081
<b>Receivables from external activities</b>		
Receivables from State budget	303,186	657,147
Advance for rental of Thuan An Building	231,717	161,177
Advance for rental of Thuan An Holding Building	120,219	83,622
Advance for constructing Bank Star building using bonus and welfare funds	-	66,155
Receivables from securities trading transactions	263,798	-
Advance for office rental at Chuong Duong Branch	55,000	55,000
Advance for office rental at Nguyen Trai branch	-	41,000
Advance for purchasing house of the VietinBank Securities JS Company	-	43,245

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 13. Other Assets (continued)

#### 13.2 Receivables (continued)

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Receivable from equitization process (*)	-	41,672
Receivable from card operation	40,774	28,180
Advance for land rental at 25 Ly Thuong Kiet	36,011	128,660
Advance for purchasing 113 Nguyen Thien Thuat building – Nha Trang city using bonus and welfare funds	31,658	-
Advance for social welfare activities	35,301	12,289
Other receivables	207,183	143,678
	<b>1,402,858</b>	<b>1,513,906</b>

(\*) This receivable represents expenditures incurred in the equitization process of Vietnam Bank for Industry and Trade which has been subsequently finalized by the SBV in 2010. According to the result of finalization, this receivable is VNDm 41,839.

#### 13.3 Other Assets

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Investments in financial lease assets	152,254	404,269
Materials and equipments	49,954	34,299
Prepaid office rentals (*)	1,750,460	740,821
Prepaid interest expenses	360,421	2,130
Goodwill (Note 14)	15,427	17,242
VAT receivables	88,332	-
Other assets	1,210	-
	<b>2,418,058</b>	<b>1,198,761</b>

(\*) Details of prepaid office rentals as at 31 December 2010 and 31 December 2009 are as follows:

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Office rental at 34 Cua Nam	550,118	560,844
Office rental at 8 Ho Tung Mau	59,956	61,198
Office rental at 25 Ly Thuong Kiet	150,242	37,196
Office rental at 6 Ngo Quyen	41,254	-
Land rental at Hiep Phuoc Industrial zone and Nha Be Branch	38,940	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 13. Other Assets (continued)

#### 13.3 Other Assets (continued)

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Office rental (Vinaconex 9 building) - Nguyen Trai Branch	36,642	-
Land rental at Nam Thang Long City Complex	744,255	-
Others	129,053	81,583
	<b>1,750,460</b>	<b>740,821</b>

### 14. Goodwill

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

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Total goodwill	18,149	18,149
Amortization period	10 years	10 years
Accumulated amortized goodwill as at the beginning of the period	907	-
Goodwill not yet amortized as at the beginning of the period	17,242	-
Goodwill increased during the period	-	18,149
• Goodwill transferred from the Vietnam Bank for Industry and Trade before equitization	-	18,149
• Adjustments for changes in value of identifiable assets and liabilities	-	-
Goodwill decreased during the period	1,815	907
• Decrease from partly or entire sale and disposal of credit institution	-	-
• Amortized during the period	1,815	907
• Other decreases	-	-
<b>Total goodwill not yet amortized as at the end of the period</b>	<b>15,427</b>	<b>17,242</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 15. Borrowings from the State Bank of Vietnam and the Ministry of Finance

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Borrowings from the SBV</b>		
• Borrowings for Banking Modernization Project	49,430	55,359
• Borrowings for re-funding SOEs	15,606	16,879
• Discounting and rediscounting valuable papers	10,702,164	13,003,510
• Borrowings for re-financing activities	32,000,000	-
<b>Current accounts held by the State Treasury</b>		
• By VND	453,423	642,941
• By USD	55	-
	<b>43,220,678</b>	<b>13,718,689</b>

Borrowings from the SBV include:

- Borrowings denominated in foreign currencies to implement the Banking and Settlement System Modernization Project is to pay providers of the Bank's Information Technology System. These borrowings have term of 20 years and bear annual interest at rates ranging from 2.33% to 3.44% (equivalent LIBOR 6 months + 1.50% per annum + 0.2% per annum (service charge));
- Borrowings for re-funding of SOEs were granted by SBV with an aim to reduce the financial pressure causing from frozen loans under the instructions of the Government. These are non-interest bearing borrowings and could be extended based on actual repayment status of the frozen loans. The SBV will decide resolution for the loans after frozen period of 3 to 5 years on a case by case basis;
- Borrowings for refinancing activities are those secured by valuable papers and provided with an aim to compensate the shortage of short term capital, maintain liquidity position and supply the demand of funding agricultural sector. These borrowings have a term of 90 days and bear interest at rate ranging from 8% to 9% per annum.
- In order to lessen the liquidity pressure at year end, the Bank borrowed from the SBV by discounting and rediscounting valuable papers with the term of 7 days and interest rate at 10% per annum.

### 16. Deposits and Borrowings from Other Banks

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Deposits from other banks	26,188,144	9,797,640
Borrowings from other banks	8,908,582	5,214,517
	<b>35,096,726</b>	<b>15,012,157</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 16. Deposits and Borrowings from Other Banks (continued)

#### 16.1 Deposits from Other Banks

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
a. Current accounts		
• In VND	1,525,281	402,406
• In FC	419,975	23,835
b. Term deposits		
• In VND	17,558,473	4,107,073
• In FC	6,684,415	5,264,326
	<b>26,188,144</b>	<b>9,797,640</b>

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
In VND	10.2 to 14	7.7 to 12
In FC	2.0 to 4.5	3.6 to 3.7

#### 16.2 Borrowings from Other Banks

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
In VND	-	30,000
In FC	8,908,582	5,184,517
	<b>8,908,582</b>	<b>5,214,517</b>

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
In VND	-	-
In FC	1.8 to 2.59	1.49 to 2.00

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 17. Customer Deposits and Other Amounts due to Customers

### 17.1 Balances by Types of Deposits

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Demand deposits</b>		
Demand deposits in VND	33,698,994	31,911,986
Demand saving deposits in VND	209,839	185,004
Demand deposits in foreign currencies	6,668,179	3,470,021
Demand saving deposits in foreign currencies	17,116	16,989
<b>Term deposits</b>		
Term deposits in VND	52,323,877	28,710,857
Term saving deposits in VND	85,010,658	56,101,145
Term deposits in foreign currencies	3,007,059	7,112,136
Term saving deposits in foreign currencies	15,902,641	13,990,926
<b>Deposits for specific purpose</b>		
Deposits for specific purpose in VND	795,343	605,068
Deposits for specific purpose in foreign currencies	610,705	535,053
<b>Margin deposits</b>		
Margin deposits in VND	4,169,888	4,055,112
Margin deposits in foreign currencies	2,052,923	897,265
<b>Other amounts due to customers</b>	<b>1,451,483</b>	<b>783,037</b>
	<b>205,918,705</b>	<b>148,374,599</b>

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Demand deposits in VND	0 to 4.2	0 to 3
Demand saving deposits in VND	2.4 to 4.5	0 to 4.5
Demand deposits in foreign currencies	0 to 1.2	0 to 2.4
Demand saving deposits in foreign currencies	0.1 to 0.2	0 to 1.5
Term deposits in VND	6 to 15.5	2.5 to 17
Term saving deposits in VND	2.4 to 18	2.4 to 17
Term deposits in foreign currencies	0.7 to 2.2	0.7 to 3.5
Term saving deposits in foreign currencies	0.3 to 6	0.6 to 6.5
Certificates of deposit in VND	2.4 to 14.4	10.3 to 10.49
Certificates of deposit in foreign currencies	0.1 to 5	3.2 to 3.5

Interest rates for current accounts are applied for term deposits withdrawn before maturity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 17. Customer Deposits and Other Amounts due to Customers (continued)

#### 17.2 Analysis of Customer Deposit Portfolio by Types of Customers

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Deposits from business entities</b>	<b>186,199,647</b>	<b>66,431,628</b>
State-owned enterprises	69,748,737	46,335,580
Private enterprises and others	110,246,508	16,249,245
Foreign invested enterprises	6,204,402	3,846,803
<b>Deposits from individuals</b>	<b>19,478,350</b>	<b>75,213,420</b>
<b>Deposits from others</b>	<b>240,708</b>	<b>6,729,551</b>
	<b>205,918,705</b>	<b>148,374,599</b>

### 18. Debts Issued and Other Borrowed Funds

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Funds received from the State Treasury	20,894,048	17,949,279
Funds received from other organizations and individuals in VND	20,126,734	12,900,390
Funds received from other organizations and individuals in FC	2,100,799	2,663,642
Funds received from international organizations in VND	1,267,922	697,003
Funds received from international organizations in FC	345,382	314,688
	<b>44,734,885</b>	<b>34,525,002</b>

#### 18.1 Funds Received from the State Treasury

Funds received from the State Treasury represents payable to the State Treasury arising from the settlement activities that the Bank performed on behalf of the State Treasury (being the amount collected in excess of the amount paid on behalf of the State Treasury). These activities are executed under the agreements between the Bank and the State Treasury since 1998, including:

- Bilateral settlement contract between the State Treasury and the Bank dated 8 April 1998, amended on 24 May 1999;
- Agreement of cooperating settlement associated with tax collection between State Treasury – VietinBank and Taxation General Department dated 11 December 2007;
- Joint agreement on cooperation in collection of state fund between State Treasury – VietinBank and Taxation General Department dated 9 February 2009.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 18. Debts Issued and Other Borrowed Funds (continued)

#### 18.2 Funds Received from Other Organizations in VND

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

Organizations	Term	31 Dec 2010 VNDm	Interest rate (% p.a.)
Vietnam Social Insurance Company	1 month to 5 years	7,108,000	7.5 to 15
State Capital Investment Corporation (SCIC)	Current and 6 months	7,199,027	2.4 to 11.2
Southern Airports Corporation	6 months	1,255,000	11 to 13.5
Bao Viet Corporation	1 to 6 months	553,781	11 to 14
Debt Management and Financial Foreign Affair Department - Ministry of Finance	Current and up to 6 months	1,594,228	3.0 to 13.5
Bao Viet Fund Management Company	1 month to 1 year	272,000	10.45 to 14
International Credit Projects Management Department - SBV	Current and 1 year	261,120	3.0 to 12.6
Debt and Asset Trading Corporation	1 month	234,000	11
Victoria Capital Management JS Company	Current	200,000	3.2 to 4.15
Kim Long Securities Company	1 year	512,606	10 to 11
MB Capital Management JS Company	Current	150,000	3.1 to 4.2
Financial Department of Quang Binh province	3 months	146,804	12
Hochiminh City Investment Fund for Urban Development	Current and under 1 year	50,662	3 and 14 to 15
Lam Dong Development Investment Fund	Current	48,572	3
Bao Minh Insurance Corporation	Current	48,001	0 and 11.2 to 11.5
Binh Duong Development Investment Fund	Current and under 1 year	45,080	3 and 11 to 14
Tien Giang Development Investment Fund	3 months	37,454	10.8 to 13.5
De Nhat Securities JS Company	Current and 3 months to 1 year	32,026	3 to 14
Morgan Stanley Gateway Securities JS Company	1 to 3 months	26,113	11 to 14
Lao Cai Development Investment Fund	Above 1 month	25,602	11
Can Tho City Development Investment Fund	Current	24,247	3
Vietnam National Reinsurance Corporation	1 year	20,000	10.49 to 12.6
Kon Tum Development Investment Fund	Current	10,000	3
Other organizations		272,411	
<b>Total</b>		<b>20,126,734</b>	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 18. Debts Issued and Other Borrowed Funds (continued)

#### 18.3 Funds Received from Other Organizations in Foreign Currency

Details of funds received from other organizations in foreign currency as at 31 December 2010 are as follows:

Organizations	Term	31 Dec 2010 VNDm	Interest rate (% p.a.)
ODA International Credit Project Management Unit	Current	89,020	1.2 to 3.6
Samsung Vina Insurance Company	1 year and current	39,761	0.1 to 2.5
MB Capital Management JS Company	1 year	321,844	2.1 to 2.2
Debt Management and Financial Foreign Affair Department – Ministry of Finance	1 year	1,240,812	1 to 4.8
Sai Gon Tourist Company	3 months	151,456	1
Other organizations		257,906	1 to 4
		<b>2,100,799</b>	

#### 18.4 Funds Received from International Organizations

Organizations	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>In VND</b>		
Funds received from Japan Bank of International Corporation (“JBIC”)	444,301	481,350
Funds received from Kreditanstalt Fur Wiederaufbau – (“KfW”)	138,992	141,363
Funds received from European Commission -Project Small and Medium Enterprise Development Fund – (“SMEDEF”)	44,470	74,290
Funds received from JICA	640,159	-
	<b>1,267,922</b>	<b>697,003</b>
<b>In foreign currency</b>		
Funds received from Deutsche Investitions – und Entwicklungsgesellschaft mbH (“DEG” )	283,742	284,188
Funds received from Energy Efficiency Program	32,184	30,500
ODA Funds received from International Development Association (World Bank)	29,456	-
	<b>345,382</b>	<b>314,688</b>
<b>Total</b>	<b>1,613,304</b>	<b>1,011,691</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 18. Debts Issued and Other Borrowed Funds (continued)

#### 18.4 Funds Received from International Organizations (continued)

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

Delegations	Effected year	Term (years)	Grace period (year)	31 Dec 2010 VNDm	Interest rates (% p.a.)	31 Dec 2009 VNDm	Interestrates (% p.a.)
KFW	2001	40	10	138,992	5	481,350	2.94 to 4.42
JIBIC	1999	<10	1 – 2	444,301	6.5 to 9.24	284,188	6.36 to 6.8
SMEDF	1998	1 to 7	1	44,470	9 to 11	141,363	6.53 to 8.98
Energy Efficiency Program	2007	5	-	32,184	0.1 to 0.3	74,290	1 to 1.25
DEG	2003	40	10	283,742	0.75	30,500	8.4
JICA	2010	Current	-	640,159	7	-	-
International Development Association	2010	1 to 3	-	29,456	1	-	-
				<b>1,613,304</b>		<b>1,011,691</b>	

### 19. Valuable Papers Issued

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Certificates of deposits</b>		
Term under 12 months	505,207	1,876,582
Term from 12 months to 5 years	2,928,794	3,031,568
<b>Bills</b>		
Term under 12 months	105,856	3,070,655
Term from 12 months to 5 years	6	6
<b>Bonds</b>		
Term under 12 months	-	-
Term from 12 months to 5 years	7,095,250	251
<b>Other valuable papers</b>		
Term under 12 months	93,170	556,195
Term from 12 months to 5 years	-	50,000
	<b>10,728,283</b>	<b>8,585,257</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 19. Valuable Papers Issued (continued)

	period from 01 Jan 2010 to 31 Dec 2010 Interest rate % p.a.	period from 03 Jul 2009 to 31 Dec 2009 Interest rate % p.a.
Certificates of deposit with term ranging from 6 months to 5 years	2.0 to 14.5	2.4 to 10.49
Bill with terms ranging from 3 months to 1 year	2.4 to 10.9	2.4 to 10.50
Bond with terms ranging from 1 year to 2 years	8 to 9.2	8 to 8.6
Other valuable papers	8 to 11.2	8 to 10.49

### 20. Other Liabilities

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Interest payables	3,560,011	1,740,761
Deferred tax payables	130	-
Other payables and other liabilities (Note 20.1)	5,489,655	8,605,229
Provision for contingent liabilities and off-balance sheet commitments (Note 9)	590,842	226,110
	<b>9,640,638</b>	<b>10,572,100</b>

#### 20.1 Other Payables and Other Liabilities

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
<b>Payables for internal activities</b>		
Payables to employees	1,245,795	2,854,893
Payables relating to bonus and welfare fund	1,350,332	-
Deferred income from financial instruments	290,231	244,677
Payables to Trade Union	76,466	63,602
Termination allowance reserve	620	11,924
<b>Payables for external activities</b>		
Receipts from equitization (*)	-	773,609
Difference in net assets from the date of business valuation to the date of official business transformation (**)	-	2,306,532
Enterprise income tax payables	721,901	589,191
Inter-settlement between credit institutions	209,696	362,358
Payables to the SBV from recovery of written-off bad debts	212,246	194,187
Payables relating to security activities	130,415	192,356

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 20. Other Liabilities (continued)

#### 20.1 Other Payables and Other Liabilities (continued)

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
VAT payables relating to the CIPUTRA lease	-	84,989
Payables to suppliers relating to the Bank Modernization Project	120,294	-
Payables relating to financial leases	19,511	54,068
Payables relating to equitization of VietinBank Securities Company	-	48,572
Payables relating to Trade finance activities	41,630	-
Payables to SBV in clearing settlement	86,574	44,790
Deposit for selling foreclosed assets	-	40,432
Payables relating constructions	18,878	25,214
Technical reserves of VietinBank Insurance Company	77,953	28,115
Payables to Deposit insurance	32,657	24,749
Other tax payables	88,282	24,951
VAT payables	-	22,537
Money transfer payables in VND	78,164	71,968
Money transfer payables in USD	53,796	83,147
Other payables	402,794	302,103
Others	231,420	156,265
	<b>5,489,655</b>	<b>8,605,229</b>

(\*) Receipts from equitization represents the proceeds from external shareholders in the Initial Public Offerings after deducting the shares' nominal values and external shareholders' capital surplus that is qualified to be kept at the Vietnam Joint stock Commercial Bank for Industry and Trade. In 2010, the State Bank of Vietnam has finalized this figure; according to the SBV's finalization report, this figure is VNDm 773,628..

(\*\*) This represents the difference in State owned capital (net assets) arising from the date of business evaluation as at 31 December 2007 to the date of formal transformation of the Vietnam Bank for Industry and Trade into a joint stock commercial bank on 2 July 2009. As regulated by Decree 109/2007/ND-CP, this difference should be paid to the Government. In 2010, State Bank of Vietnam has finalized this figure; according to the SBV's finalization report, this figure is VNDm 2,353,207.

The total payables to the Government was VNDm 3,084,995 (being receipt from equitization plus the difference in net assets from the date of business valuation - 31 December 2007 to the date of business official transformation - 2 July 2009 then deduct the equitization expenditures). The Bank has obtained the approval from the SBV to use VNDm 2,811,439 from the total payable to increase the share capital of the State at the Bank. The remaining VNDm 273,556 has been transferred to the State Capital Investment Corporation. For additional details, see Note 22.1.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 21. Obligations to the State Budget of the Bank

	Balance as at 1 Jan 2010 VNDm	Movement during the period			Balance as at 31 Dec 2010 VNDm
		Adjustment of beginning balance VNDm	Payables VNDm	Paid VNDm	
Value added tax	22,538	-	46,215	157,085	(88,332)
Enterprise income tax	589,191	90,379	1,139,103	1,096,772	721,901
Other taxes	24,951	4,585	225,193	166,447	88,282
	<b>636,680</b>	<b>94,964</b>	<b>1,410,511</b>	<b>1,420,304</b>	<b>721,851</b>

The Bank has obligation to pay Enterprise Income Tax ("EIT") at the rate of 25% of taxable profits.

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

#### 21.1 Deferred Enterprise Income Tax

	Balance as at 01/01/2010 VNDm	Movement during the period VNDm	Balance as at 31/12/2010 VNDm
Deferred Enterprise Income Tax Assets	44,458	(44,458)	-
Deferred Enterprise Income Tax Liabilities	-	(130)	(130)
	<b>44,458</b>	<b>(44,588)</b>	<b>(130)</b>

#### 21.2 Current Enterprise Income Tax

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

	Balance as at 1 Jan 2010 VNDm	Movement during the period			Balance as at 31 Dec 2010 VNDm
		Adjustment of beginning balance VNDm	Payables VNDm	Paid VNDm	
Current income tax from operating activities	589,191	90,379	1,112,778	1,096,772	695,576
Current income tax from real estate transfer activities	-	-	26,325	-	26,325
	<b>589,191</b>	<b>90,379</b>	<b>1,139,103</b>	<b>1,096,772</b>	<b>721,901</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 21. Obligations to the State Budget of the Bank (continued)

#### 21.2 Current Enterprise Income Tax (continued)

##### 21.2.1 Enterprise income tax from operating activities

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
<b>Profit before tax</b>	<b>4,598,038</b>	<b>1,678,289</b>
Less		
• Dividend income exempted from EIT	(37,101)	(13,434)
• Income from Government Education Bonds exempted from EIT	(207,087)	(24,206)
• Income from transferring land use right	(115,021)	-
• Profit of subsidiaries	(154,875)	(92,893)
• Share of profits in joint ventures and associates	(121,475)	(69,068)
• Reversal of general provision created for loans granting to the Bank's subsidiaries	(4,894)	-
Plus		
• Provision created for Debt securities issued by Vinashin	250,000	-
• Non-deductible foreign exchange loss from re-evaluation of foreign currencies and derivatives instruments	95,623	177,833
• Costume expenses exceed the deductible limit	7,227	6,160
<b>Taxable income of the Bank</b>	<b>4,310,435</b>	<b>1,662,681</b>
EIT expense of the Bank at tax rate of 25%	1,077,609	415,670
EIT expense of subsidiaries	35,169	22,794
<b>Total EIT in period/ fiscal year</b>	<b>1,112,778</b>	<b>438,464</b>
EIT payable at the beginning of period	589,191	-
Adjustment on EIT expense of subsidiaries	(2,466)	-
Transferred from the Vietnam Bank for Industry and Trade before equitization	-	435,319
Adjustment according to the Final Tax Report	92,845	-
<b>EIT paid</b>	<b>(1,096,772)</b>	<b>(284,592)</b>
<b>EIT payables at the end of period</b>	<b>695,576</b>	<b>589,191</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 21. Obligations to the State Budget of the Bank (continued)

#### 21.2 Current Enterprise Income Tax (continued)

##### 21.2.2 Enterprise income tax from real estate transfer activities

	From 01/01/2010 to 31/12/2010 VNDm
<b>Profit before tax</b>	<b>115,021</b>
Less	
• Cost	(9,716)
• Other expenses	(5)
<b>Taxable income</b>	<b>105,300</b>
EIT expense of the Bank at tax rate of 25%	26,325
<b>Total EIT in period/ fiscal year</b>	<b>26,325</b>
EIT payable at the beginning of period	-
EIT paid	-
<b>EIT payables at the end of period</b>	<b>26,325</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 22. Owners' Equity and Reserves

### 22.1 Changes in Owners' Equity

Changes in the Bank's capital for the period from 01 January 2010 to 31 December 2010 are detailed below:

Figures	Chartered capital VNDm	Share premium VNDm	Treasury Shares VNDm	Difference from assets revaluation VNDm	Financial statements translation reserve VNDm	Business & development fund VNDm	Financial reserve VNDm	Capital supplementary reserve VNDm	Bonus and welfare fund VNDm	Retained earnings/ accumulated losses VNDm	Minority interest VNDm	Total VNDm
<b>Beginning balance</b>	<b>11,252,973</b>	<b>88,344</b>	-	-	<b>58,735</b>	-	<b>113,370</b>	<b>41,601</b>	<b>180,779</b>	<b>836,276</b>	<b>205,235</b>	<b>12,777,313</b>
Additional shares issued to the State	2,811,439	-	-	-	-	-	-	-	-	-	-	2,811,439
Additional shares issued to non-state shareholders	339,393	-	-	-	-	-	-	-	-	-	-	339,393
Net profit for the period	-	-	-	-	-	-	-	-	-	3,405,478	8,869	3,414,347
Increase from the translation of financial statements for consolidation purpose	-	-	-	-	60,031	-	-	-	-	-	-	60,031
Temporary appropriation to Bonus and welfare fund for this period	-	-	-	-	-	-	-	-	-	(815,977)	-	(815,977)
Temporary appropriation to other reserves for this period	-	-	-	-	-	-	322,804	103,070	-	(425,874)	-	-
Adjustment of appropriation to Bonus and welfare fund for previous period	-	-	-	-	-	-	-	-	-	(12,985)	-	(12,985)
Adjustment of appropriation to reserves for previous period	-	-	-	-	-	-	13,026	(11,130)	-	(1,896)	-	-
Reclassification from Bonus and welfare fund to Payables/ advances in compliance with Circular 244/2009/TT-BTC (*)	-	-	-	-	-	-	-	-	(180,779)	-	-	(180,779)
Adjustment for the share premium of VietinBank Securities company	-	1,452	-	-	-	-	-	-	-	-	(1,452)	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 22. Owners' Equity and Reserves (continued)

### 22.1 Changes in Owners' Equity (continued)

Figures	Chartered capital VNDm	Share premium VNDm	Treasury Shares VNDm	Difference from assets revaluation VNDm	Financial statements translation reserve VNDm	Business & development fund VNDm	Financial reserve VNDm	Capital supplementary reserve VNDm	Bonus and welfare fund VNDm	Retained earnings/accumulated losses VNDm	Minority interest VNDm	Total VNDm
Dividends announced to minority shareholders of VietinBank Securities company	-	-	-	-	-	-	-	-	-	-	(10,739)	(10,739)
Share dividends of 2009	768,486	-	-	-	-	-	-	-	-	(768,486)	-	-
Utilization	-	-	-	-	-	-	(10,844)	-	-	-	-	(10,844)
Others (**)	-	(18)	-	-	-	-	-	-	-	1,095	-	1,077
<b>Closing balance</b>	<b>15.172,291</b>	<b>89,778</b>	<b>-</b>	<b>-</b>	<b>118,766</b>	<b>-</b>	<b>438,356</b>	<b>133,541</b>	<b>-</b>	<b>2.217,631</b>	<b>201,913</b>	<b>18.372,276</b>

(\*) According to Circular 244/2009/TT-BTC being effect from 1 January 2010 providing guidance on amendment and supplementation for enterprise accounting regime, balance of Bonus and welfare funds is reclassified to Payables account.

(\*\*) The share premium is adjusted according to the result of finalization of the SBV on the Bank's equitization.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 22. Owners' Equity and Reserves (continued)

#### 22.1 Changes in Owners' Equity (continued)

In 2010, the Bank's chartered capital has been raised, details as follow:

Increase date	Resolution	Value VNDm	Form
22/10/2010	No. 03/NQ-DHDCD dated 4/4/2010	768,486	Share dividends
22/10/2010	No. 03/NQ-DHDCD dated 4/4/2010	3,150,832	Share issue to existing shareholders
		<b>3,919,318</b>	

Details of investment capital into the Bank are as follows:

	31/12/2010	31/12/2009
	ordinary shares VNDm	ordinary shares VNDm
Investment capital of the Government	13,538,085	10,040,855
Contributed capital (shareholders, members...)	1,634,206	1,212,118
Share premium	89,778	88,344
Treasury shares	-	-
	<b>15,262,069</b>	<b>11,341,317</b>

Details of the Bank's shares are as follows:

	2010 VNDm	2009 VNDm
Number of registered shares for issue	1,517,229,121	1,125,297,280
Number of shares offered to public	163,420,642	121,211,780
• Ordinary shares	163,420,642	121,211,780
• Preferred shares	-	-
Repurchased shares		
• Ordinary shares	-	-
• Preferred shares	-	-
Number of shares in circulation		
• Ordinary shares	1,517,229,121	1,125,297,280
• Preferred shares	-	-
Nominal value of share (VND)	10,000	10,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 22. Owners' Equity and Reserves (continued)

#### 22.3 Statutory Reserves of the Bank

On 23 November 2005, the Government issued Decree No. 146/2005/ND-CP providing the financial management regime of credit institutions which was effective from 16 December 2005. Accordingly, joint stock commercial banks are required to use profit after tax to create the following statutory reserves:

	Annual allocation from the profit after tax	Maximum balance
Supplementary capital reserve	Not applicable	Not applicable
Financial reserve	10%	25% chartered capital

Appropriation to other reserves is made based on the resolutions of the Annual General Shareholders' Meeting. The reserves are used in compliance with the Decision No.146/2005/ND-CP.

The Bank has created statutory reserves for 2010.

#### 22.4 Statutory Reserves of Subsidiaries

##### 22.4.1 Statutory reserves of VietinBank Securities Joint stock Company

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

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

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

##### 22.4.2 Statutory reserves of VietinBank Insurance Company Ltd

According to Article 31, Decision No. 46/2007/ND-CP dated 22 March 2007, insurance companies are required to use their profit after tax to make reserve fund with the proportion as follow:

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

##### 22.4.3 Statutory reserves of VietinBank Leasing Company Ltd., VietinBank debt and asset Management Company Ltd., VietinBank Gold and Jewellery Trading Company Ltd. and VietinBank Fund Management Company Ltd.,

Apart from VietinBank Leasing Company which used its profit after tax to make reserve fund with the proportion as currently applied to the Bank, other companies did not create reserves in 2010.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 23. Basic Earning Per Share

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

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Net profit attributable to the equity holders of the Bank	3,405,478	1,273,544
Less:		
• Appropriation to other funds (Capital Supplementary Reserve and Financial Reserve is not included)	(815,977)	-
Profit for Earning per share calculation	2,589,501	1,273,544
Weighted average number of ordinary shares in circulation (million of shares)	1,260	1,225
Weighted average number of ordinary shares in circulation (million of shares) after adjustment for bonus shares issuance	1,260	1,202
<b>Basic earning per share (Vietnamese dong/share)</b>	<b>2,055</b>	<b>1,132</b>
<b>Basic earning per share (Vietnamese dong/share) after adjustment for bonus shares issuance</b>	<b>2,055</b>	<b>1,060</b>

Basic earning per share for the period from 3 July 2009 to 31 December 2009 has been retrospectively adjusted since the Bank paid share dividends in 2010 with the total value of VNDm 76,848 (76 million shares in equivalent). Accordingly, earning per share for the period from 3 July 2009 to 31 December 2009 after being adjusted is 1,060.

### 24. Dividend

On 3 January 2011, the Board of Directors of Vietnam Joint Stock Commercial Bank for Industry and Trade issued Resolution No. 01/ NQ-HDQT-NHCT on the 2010 advance dividend payment. According to the Resolution, the advance dividend is VND 2,044 billion and will be settled in cash.

### 25. Interest and Similar Income

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Interest income from deposits to other financial institutions	1,951,502	400,552
Interest income from loans to customers	24,088,334	7,723,195
Interest income from trading and investing in debt securities	5,707,064	1,827,860
Interest income from financial leasing	168,148	57,403
Other income from credit activities	4,140	8,138
	<b>31,919,188</b>	<b>10,017,148</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 26. Interest and Similar Expenses

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Interest and similar expenses from deposits	15,079,606	4,795,882
Interest and similar expenses from borrowings	3,458,395	553,257
Interest expenses from valuable papers	1,235,528	203,388
Interest expenses from financial leases	-	2
Expenses from other credit activities	56,657	13,869
	<b>19,830,186</b>	<b>5,566,398</b>

### 27. Net Gain / Loss from Fee and Commission Income

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
<b>Fees and commission income from</b>	<b>1,769,499</b>	<b>494,361</b>
• Settlement services	517,202	205,565
• Treasury activities	302,769	111,383
• Agent services	251,728	26,375
• Other fees and commissions	697,800	151,038
<b>Fees and commission expense from</b>	<b>(333,393)</b>	<b>(106,798)</b>
• Settlement services	(45,154)	(18,164)
• Treasury activities	(91,411)	(37,122)
• Other fees and commissions	(196,828)	(51,512)
<b>Net fee and commission income</b>	<b>1,436,106</b>	<b>387,563</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 28. Net Gain / Loss from Dealing in Foreign Currencies and Gold

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
<b>Income from dealing in foreign currencies and gold</b>		
Income from dealing in foreign currencies at spot exchange rate	574,578	256,958
Income from dealing in gold	31,670	-
Income from dealing in derivative financial instruments	25,788	200,587
<b>Expense from dealing in foreign currencies and gold</b>		
Expense from dealing in foreign currencies at spot exchange rate	(137,620)	(15,656)
Expense from dealing in gold	(715)	-
Expense from dealing in derivative financial instruments	(335,257)	(490,104)
<b>Net gain / loss from dealing in foreign currencies and gold</b>	<b>158,444</b>	<b>(48,215)</b>

### 29. Net Gain / Loss from Trading Securities Trading

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Income from trading of trading securities	39,066	131,647
Expense from trading of trading securities	(74,587)	(62,657)
Provision for impairment of trading securities	(3,070)	(3,394)
<b>Net gain / (loss) from trading securities trading</b>	<b>(38,591)</b>	<b>65,596</b>

### 30. Net Gain / Loss from Investment Securities Trading

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Income from trading of investment securities	9,855	17,324
Expense from trading of investment securities	(886)	(3,078)
Provision for impairment of investment securities	(269,146)	-
<b>Net gain / (loss) from investment securities trading</b>	<b>(260,177)</b>	<b>14,246</b>

(\*) In 2010, the Bank has made provision for corporate bonds issued by Vinashin with at the rate of 50% of the par value of the bonds (the provision for Vinashin's bonds is VNDb 250). The provision balance as at 31 Dec 2010 is presented in Note 10.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 31. Net Gain / Loss from Other Operating Activities

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Recovery of bad debts written off (principal)	1,193,854	465,629
Proceeds from disposal of assets	4,551	3,531
Other gains	142,259	31,970
Other operating expenses	(70,266)	(29,415)
	<b>1,270,398</b>	<b>471,715</b>

### 32. Net Share of Profit in Associates, Joint Ventures and Dividend Income

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Dividends received in the period		
• from equity trading securities	10,677	4,159
• from other long-term investments	32,068	13,434
Share of profit in joint ventures, using equity method of accounting (see Note 11)	121,475	69,068
• INDOVINA joint venture bank	121,475	69,068
	<b>164,220</b>	<b>86,661</b>

### 33. Other Operating Expenses

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Taxes and fees expenses	100,553	38,372
Materials for banking activities	159,898	70,240
Business travel expenses	66,031	31,631
Training expenses	46,473	23,049
Research and development expenses	30,333	23,135
Telecommunication expenses	46,341	21,779
Publication, marketing, promotion and reception expenses	290,046	95,437
General administration expenses	489,908	205,766
Non-deductible VAT expenses	120,929	190,108

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 33. Other Operating Expenses (continued)

	period from 01 Jan 2010 to 31 Dec 2010 VNDm	period from 03 Jul 2009 to 31 Dec 2009 VNDm
Expense on sponsoring education, healthcare, gratitude house building	362,789	99,440
Other operational expenses	3,468	250
Asset repair and maintenance expenses	232,310	86,477
Tool and equipment expenses	119,598	73,138
Asset insurance expenses	-	79
Office rental	225,156	72,295
Insurance for customer deposits	118,055	49,348
Expenses for the Board of Directors, Board of Supervision	540	-
	<b>2,412,428</b>	<b>1,080,544</b>

### 34. Cash and Cash Equivalents

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

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Cash and cash equivalents	2,813,948	2,204,060
Balances with the State Bank of Vietnam	5,036,794	5,368,942
Placements with other banks	5,777,639	5,617,647
Term deposits with and loans to other banks under 90 days	39,532,172	17,135,670
	<b>53,160,553</b>	<b>30,326,319</b>

### 35. Employees' Remuneration

	period from 01 Jan 2010 to 31 Dec 2010	period from 03 Jul 2009 to 31 Dec 2009
<b>I. Total number of employees (person)</b>	<b>17,680</b>	<b>17,538</b>
<b>II. Employees' income (VNDm)</b>		
1. Total salary	3,791,921	1,648,779
2. Other allowance	136,958	46,642
3. Total income (1+2)	3,928,879	1,695,421
5. Average monthly salary during period	17.87	15.67
6. Average monthly income during period	18.52	16.11

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 36. Collaterals and Mortgages

	Book value (VNDm)	
	31/12/2010	31/12/2009
Real estate properties	280,427,059	203,786,063
Movable assets	156,065,267	130,953,426
Valuable papers	77,394,866	67,035,828
Other assets	27,875,150	11,618,435
	<b>541,762,342</b>	<b>413,393,752</b>

### 38. Contingent Liabilities and Commitments

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

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

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

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

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

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

The outstanding commitments and contingent liabilities as at 31 Dec 2010 and 31 Dec 2009 are as follows:

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Financial letter of guarantees	14,826,473	11,788,762
At sight letters of credit	21,485,457	14,627,519
Deferred letters of credit	304,809	445,986
Others	-	-
	<b>36,616,739</b>	<b>26,862,267</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 39. Related Party Transactions

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

(a) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the Bank that gives it significant influence over the Bank; or
- has joint control over the Bank.

(b) the party is a joint venture in which the Bank is a venturer;

(c) the party is a member of the key management personnel of the Bank or its parent;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is a Bank that is controlled, jointly controlled or significantly influenced by, or of which, significant voting power in such Bank resides with, directly or indirectly, any individual referred to in (c) or (d).

Significant transactions with related parties during the period from 01 January 2010 to 31 December 2010 are as follows:

Related party	Relationship	Transactions	VNDm
The SBV	Direct regulator	Decrease in settlement deposit, clearing and compulsory reserves	(332,148)
The MOF	Direct owner	Decrease in term deposits	(1,675,087)
The MOF	Direct owner	Payments of interest income from Special Government Bond	72,600
The MOF	Direct owner	Increase in funds received	1,384,805
Indovina JV Bank	Investee	Increase in deposits at Indovina	299,469
Indovina JV Bank	Investee	Increase in deposits of Indovina at the Bank	398,459
Indovina JV Bank	Investee	Arising payables	41,630
VietinBank Trade Union Co. Ltd.	Shareholder	Receive from land use right transfer	76,582

Significant transactions with related parties during the period from 03 July 2009 to 31 December 2009 are as follows:

Related party	Relationship	Transactions	VNDm
The SBV	Direct regulator	Increase in settlement deposit	31,667
The SBV	Direct regulator	Increase in borrowings	12,991,626
The MOF	Direct owner	Increase in term deposits	2,693,412
The MOF	Direct owner	Payments of interest income from Special Government bonds	59,400
Indovina JV Bank	Investee	Increase in deposit	100,040

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 39. Related Party Transactions (continued)

Amount due to and due from related parties as at 31 December 2010 are as follows:

Related party	Relationship	Transactions	Receivable VNDm	Payable VNDm
The SBV	Direct regulator	Settlement deposits and compulsory reserves	5,036,794	-
The SBV	Direct regulator	Borrowings from SBV	-	350,140
The MOF	Direct owner	Term deposits	-	1,450,235
The MOF	Direct owner	Funds received from organizations	-	1,384,805
Indovina JV Bank	Investee	Deposits	400,000	400,126
Indovina JV Bank	Investee	Payable for trade finance activities	-	41,630

Amount due to and due from related parties as at 31 Dec 2009 are as follows:

Related party	Relationship	Transactions	Receivable VNDm	Payable VNDm
The SBV	Direct regulator	Settlement deposits and compulsory reserves	5,368,942	-
The SBV	Direct regulator	Borrowings from SBV	-	13,075,748
The MOF	Direct owner	Term deposits	-	3,125,322
Indovina JV Bank	Investee	Deposits	100,531	1,667

### 40. Geographical Density of Assets, Liabilities and Off-Balance Sheet Items

	Unit: VNDm				
	Total loan balance	Total deposit	Credit commitments	Derivatives (Total transaction values per contracts)	Trading and investment in securities (Debit minus credit)
Domestic	237,300,405	44,401,869	13,246,187	(4,445)	62,085,285
Oversea	1,194,404	7,315,082	23,370,552	23,686	

### 41. Risk Management Policy Related to Financial Instruments

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

### 41. Risk Management Policy Related to Financial Instruments (continued)

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

In 2010, the Asset and Liability Management Committee (ALCO) has been proactively in maintaining the safety boundary in accordance with Circular No. 13/TT-NHNN and Circular No. 19/TT-NHNN of the SBV. At present, the Bank is swiftly implementing ALM/FPT module, establish ALCO operating regulations and internal regulations for liquidity management with each individual currency, especially for VND, USD, EUR and GBP. ALCO holds both regular meetings (monthly) and unscheduled meetings for proposing solutions on management of liquidity risk, interest risk and currency risk along with analyzing and forecasting possible scenarios of the market, keeping the activeness in actions.

### 42. Credit Risk

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

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

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

### 43. Market Risk

#### 43.1 Interest Rate Risk

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

The following assumptions and conditions have been adopted in the analysis of re-pricing term of the Bank's assets and liabilities:

- Cash and cash equivalents on hand, long-term investment and other assets (fixed assets, real estate investment and other assets) are classified as non-interest bearing items;
- Deposits at the SBV are considered settlement deposits, thus the repricing term is assumed to be one month;
- The repricing term of securities investment and trading securities is based on actual maturity date at the balance sheet date of each securities;

## 43. Market Risk (continued)

### 43.1 Interest Rate Risk (continued)

- The repricing term of deposits due from other banks and loans to other banks; loans to customers; borrowings from the Government and SBV; placements with other banks and borrowings from other banks; customer deposits are identified as follows:
  - + Items with fixed interest rate during the contractual term: the repricing term is based on the contractual maturity date subsequent to the balance sheet date;
  - + Items with floating interest rate: the repricing term is based on the latest interest rate term subsequent to the balance sheet date;
- The repricing term of valuable papers is based on the actual maturity date for each valuable paper;
- The repricing term of debts issued and other borrowed funds is categorised from one to five years;
- The repricing term for other liabilities is categorised from one to three months. In reality, these items can have different interest rate repricing terms.

VietinBank's risk management policies are as follows:

Investment activities: main factors and information being considered are:

- The balance of the Bank's working capital in short term and long term;
- The balance of capital flows in the market and market interest rate trend forecast;
- Information from large banks and other parties;
- Policies from the SBV; and
- Other sources of information.

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

*Fund mobilization and utilization:* interest rate for fund mobilization is determined under market price principles, in which interest rate is subject to demand, fund mobilization scale and market interest rate movements.

*Lending activities:* VietinBank determines lending interest rate based on the cost of funds, management expense plus targeted profit margin. Branches apply the floor lending interest rate regulated by the Head office. Since most of the funds mobilized by the Bank is short term (having maturity within 12 months), VietinBank requires all medium and long term loans to have floating interest (no fixed lending rate).

Inspection and monitoring regulations:

- Inspection and monitoring by written documents in accordance with internal regulations applied to related activities like credit activities,
- Develop scenarios that can happen when market conditions change; proactive in risk management;
- Construct interest parameters that are managed within INCAS system and under control of department in-charge;

### 43. Market Risk (continued)

#### 43.1 Interest Rate Risk (continued)

In the fourth quarter of 2010, VietinBank has reduced the lending rate following the direction of the Government and the SBV stated in Decree No. 18/NQ-CP and Decision No. 41/ND-CP requiring banks to gradually decrease the interest rate in pursuance of assisting companies. The Bank also set up objective programs for specific sectors such as exporting, agricultural and rural economic development, rice buys and reserve in the 2010 summer and autumn harvest, assistance lending for small and medium enterprises... in compliance with the Government's commands.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 43. Market Risk (continued)

### 43.1 Interest Rate Risk (continued)

	Unit: VNDm									
	Overdue	Non-interest bearing	Re-priced within 1 month	From 1 – 3 months	From 3 – 6 months	From 6 – 12 months	From 1 – 5 years	Over 5 years	Total	
<b>ASSETS</b>										
Cash, gold and gemstones	-	-	-	-	-	-	-	-	-	-
Balances with the SBV	-	2,813,948	-	-	-	-	-	-	-	2,813,948
Placements with and loans to other credit institutions (*)	-	-	5,036,794	-	-	-	-	-	-	5,036,794
Trading securities (*)	-	-	43,293,439	6,554,901	403,612	100,000	618,205	-	-	50,970,157
Derivatives and other financial assets	-	-	230,761	-	-	-	-	-	-	230,761
Loans to customers (*)	3,767,327	-	75,537,958	80,134,281	40,708,925	23,243,568	9,594,450	1,218,300	234,204,809	
Investments in securities (*)	-	-	3,398,867	1,241,130	16,154,125	12,326,230	24,679,542	4,054,630	61,854,524	
Long term investments (*)	-	-	-	-	-	-	-	2,092,756	2,092,756	
Fixed assets and investment real estates	-	-	-	-	-	-	-	3,297,645	3,297,645	
Other assets (*)	-	10,251,254	-	-	-	-	-	-	10,251,254	
<b>TOTAL ASSETS</b>	<b>3,767,327</b>	<b>13,065,202</b>	<b>127,517,061</b>	<b>87,930,312</b>	<b>57,266,662</b>	<b>35,669,798</b>	<b>34,892,197</b>	<b>10,663,331</b>	<b>370,771,890</b>	
<b>LIABILITIES</b>										
Borrowings from the MOF and SBV	-	-	12,702,000	30,518,678	-	-	-	-	-	43,220,678
Deposits and borrowings from other banks	-	-	22,159,006	12,937,720	-	-	-	-	-	35,096,726
Customers deposits and other amounts due to customers	-	-	106,149,529	38,319,773	30,366,052	14,076,582	17,006,622	147	205,918,705	
Derivatives and other financial borrowings	-	-	-	-	-	-	-	-	-	-
Debts issued and other borrowed funds	-	-	5,572,899	9,421,449	9,665,802	4,142,486	15,932,249	-	44,734,885	
Valuable papers issued	-	-	1,892,469	2,682,071	4,827,727	1,326,016	-	-	10,728,283	
Other liabilities (*)	-	8,971,843	-	-	-	-	-	-	8,971,843	
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>8,971,843</b>	<b>148,475,903</b>	<b>93,879,691</b>	<b>44,859,581</b>	<b>19,545,084</b>	<b>32,938,871</b>	<b>147</b>	<b>348,671,120</b>	
<b>Balance sheet interest rate risk</b>	<b>3,767,327</b>	<b>4,093,359</b>	<b>(20,958,842)</b>	<b>(5,949,379)</b>	<b>12,407,081</b>	<b>16,124,714</b>	<b>1,953,326</b>	<b>10,663,184</b>	<b>22,100,770</b>	
Off balance sheet interest rate risk	-	36,616,739	-	-	-	-	-	-	36,616,739	
<b>Net interest rate risk</b>	<b>3,767,327</b>	<b>40,710,098</b>	<b>(20,958,842)</b>	<b>(5,949,379)</b>	<b>12,407,081</b>	<b>16,124,714</b>	<b>1,953,326</b>	<b>10,663,184</b>	<b>58,717,509</b>	

(\*) These items do not include provision

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 43. Market Risk (continued)

### 43.2 Currency Risks

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

As the Bank was incorporated and operates in Vietnam, its reporting currency is Vietnam dong (VND), which is also the major currency in which the Bank transacts. The Bank's loans and advances were mainly denominated in VND with the remainder mainly in US dollar (USD). Nonetheless, some of the Bank's other assets are in currencies other than VND and USD. The Bank has applied limitation system to manage currency positions on a daily basis. Risk prevention strategy is to keep the currency positions in the established limitation.

Also Planning and Supporting Department analyses and projects cash-in and cash-out flow and proposes fund planning plan for each type of currency (mainly VND, USD and EUR equivalent) to the Bank's Board of Management based on actual cash flows and growth target registered by business units. It is managed based on daily outstanding balance in accordance with guidance to ensure the safety and effectiveness of the whole system.

In order to stabilize exchange rate, right from the beginning of the year, the SBV required all corporations to sell USD to banks and applied interest rate of 1% p.a. for mobilization in USD. Together with many other positive solutions of the SBV, foreign exchange market has become more stable with firm exchange rate. This helps reduce the lack of USD for export-import purpose, and also facilitates enterprises in accessing loans in USD thanks to the lower interest rate compared with loans in VND.

In 2010, loans in foreign currency remarkably increased in comparison with the same period last year, which helps bring back balanced currency position for the Bank after being redundant in 2009. All swaps with the SBV in 2009 and at the beginning of 2010 have been collected to meet the high demand of loans in foreign currency. Besides, VietinBank is the only commercial bank which accessed USD source of capital from the international market through the funding channel. The source of USD has financed many domestic economic projects, contributing to the national economic development. VietinBank always complies with the required safe ratios as stipulated by the SBV.

In order to manage currency risk, VietinBank commands all its subsidiaries to take reasonable precautions while expanding lending in USD, restricts lending in importing goods that can be domestically produced and establishes preference for lending to import essential goods such as fuel, petroleum, fertilizer, pesticide... etc.

Figures in the currency risk report illustrate the balance of USD, EUR and VND. The outstanding loan in foreign currency experiences a high growth while the domestic foreign currency funding resources do not grow at the comparable rate; however, the Bank still maintains balanced currency position since it increases the borrowings from international financial institutions to keep the funding resources grow with a higher rate than the lending to the economy.

Details of currency risks as at 31 December 2010 are as follows:

	Unit: VNDm				
	EUR equivalent	USD equivalent	VND	Other currency equivalent	Total
<b>Assets</b>					
Cash, gold and gemstones	95,530	580,502	2,119,542	18,374	2,813,948
Balances with the SBV	-	816,443	4,220,351	-	5,036,794
Placements with and loans to financial institutions (*)	262,112	8,873,441	41,798,979	35,625	50,970,157
Trading securities (*)	-	-	230,761	-	230,761
Derivatives and other financial assets (*)	-	-	19,242	-	19,242

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 43. Market Risk (continued)

#### 43.2 Currency Risks (continued)

	Unit: VNDm				
	EUR equivalent	USD equivalent	VND	Other currency equivalent	Total
Loans to customers (*)	2,225,748	37,263,006	194,716,055	-	234,204,809
Investment securities (*)	-	-	61,854,524	-	61,854,524
Long term investments (*)	-	-	2,092,756	-	2,092,756
Fixed assets and investment real estates	-	-	3,297,645	-	3,297,645
Other assets (*)	95,036	381,030	9,770,072	5,116	10,251,254
<b>Total assets</b>	<b>2,678,426</b>	<b>47,914,422</b>	<b>320,119,927</b>	<b>59,115</b>	<b>370,771,890</b>
<b>Liabilities and owners' equity</b>					
Borrowings from the MOF and SBV	-	49,485	43,171,193	-	43,220,678
Deposits and borrowings from other banks	-	11,934,148	23,162,578	-	35,096,726
Customers deposits and other amounts due to customers	2,268,964	35,659,142	167,990,599	-	205,918,705
Derivatives and other financial borrowings	-	-	-	-	-
Debts issued and other borrowed funds	8,841	1,793,084	42,932,960	-	44,734,885
Issuing valuable papers	-	1,132,194	9,596,089	-	10,728,283
Other liabilities (*)	31,679	993,970	7,939,984	6,210	8,971,843
Capital and funds	-	-	18,170,363	-	18,170,363
<b>Total liabilities and owners' equity</b>	<b>2,309,484</b>	<b>51,562,023</b>	<b>312,963,766</b>	<b>6,210</b>	<b>366,841,483</b>
Balance sheet currency position	368,942	(3,647,601)	7,156,161	52,905	3,930,407
Off-balance sheet currency position	7,278,989	16,791,073	12,424,161	122,516	36,616,739
<b>Total currency position</b>	<b>7,647,931</b>	<b>13,143,472</b>	<b>19,580,322</b>	<b>175,421</b>	<b>40,547,146</b>

(\*) This item does not include provision

#### 43.3 Liquidity Risks

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

The maturity of monetary assets and liabilities represents the remaining terms of these assets and liabilities from the consolidated balance sheet date to the maturity date according to the underlying contractual agreements or terms of issuance.

### 43. Market Risk (continued)

#### 43.3 Liquidity Risks (continued)

The following assumptions and conditions have been adopted in the preparation of the Bank's maturity analysis:

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

Alco Planning and Supporting Department analyses and projects flows of cash-in, cash-out in accordance with fund planning and balancing plan, which is approved annually; and provides decisions on available fund management based on movement of the Bank's capital and its daily utilization.

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

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

The management process of capital spare at VietinBank is operated within the INCAS system and the inter-bank settlement program (CITAD). By the centralized settlement scheme at the Head office, VietinBank is always active in the daily liquidity management. The Bank is currently setting up software, developing upgrades and finalizing the risk management process to catch up with the international standard.

### 43. Market Risk (continued)

#### 43.3 Liquidity Risks (continued)

At present, VietinBank has proactively reserved secondary liquidity source amounting to tens of thousands of VND billions (including Government Bonds, Treasury bills, Corporate bonds, Credit Institution bonds etc.). In contribution to economic growth, the Bank has actively carried out subsidized loan interest program for small and medium enterprises and enterprises operating in agricultural, aquacultural and forestry sectors (in compliance with Resolution 18-NQ-CP) and for export purpose and agriculture and rural production (in compliance with Resolution 41/2010/NĐ-CP).

In the fourth quarter of 2010, the SBV regulated monetary policies in an active, cautious and flexible manner to achieve economic growth target. The Bank has performed many positive activities to mobilize capital and pay attention to tier 1 capital mobilization, ensuring the liquidity position of both USD and VND capital. Besides, the Bank has assisted other small commercial banks with thousands of billions of VND to help them out of liquidity risks.

In the last quarter of 2010, the Bank has performed many positive activities to mobilize capital from both organizations and the public. At present, deposits from the public experienced a high growth rate, generating a promising prospect for retail banking products. During the year, VietinBank has successfully issued its medium and long term bonds with the total value of VNDb 8,000 in order to restructure the capital in a more sustainable way. The Bank also paid dividends by shares with the ratio of 6.83% and undertook a rights issue to raise its capital with the ratio of 28%. The total capital raised over the period is approximately VNDb 4,000. In the first quarter of 2011, additional shares are projected to be issued for International Finance Corporation (IFC) and in the second quarter of 2010, new shares are expected to be sold for Nova Scotia Bank. Strategic shareholders are anticipated to assist VietinBank in diversifying its ownership structure, enhancing management and administration ability, managing risk, developing products and services to small and medium enterprises and involving in new business activities.

As illustrated by the liquidity risk report, for the fourth quarter of 2010, the Bank's capital varies majorly from 1 to 12 months. The longer term of capital is still in deficiency; however, this situation is common among local commercial banks. Nevertheless, the Bank still adheres to the SBV's policy on ratio of short term capital used for medium and long term lending.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

## 43. Market Risk (continued)

### 43.3 Liquidity Risks (continued)

	Overdue		Current					Total VNDm
	Overdue over 3 months VNDm	Overdue within 3 months VNDm	Due within 1 month VNDm	Due from 1 to 3 months VNDm	Due from 3 months to a year VNDm	Due from 1 to 5 years VNDm	Due over 5 years VNDm	
Cash, gold and gemstones	-	-	2,813,948	-	-	-	-	2,813,948
Balances with the SBV	-	-	5,036,794	-	-	-	-	5,036,794
Placements with and loans to other banks (*)	-	-	43,293,439	6,554,901	503,612	618,205	-	50,970,157
Trading securities (*)	-	-	230,761	-	-	-	-	230,761
Derivatives and other financial assets	-	-	19,242	-	-	-	-	19,242
Loans and advances to customers (*)	1,529,332	2,237,995	28,621,602	42,949,346	127,011,962	30,636,272	1,218,300	234,204,809
Investment securities (*)	-	-	709,621	583,410	6,358,130	47,803,735	6,399,628	61,854,524
Long-term investments (*)	-	-	-	-	-	-	2,092,756	2,092,756
Fixed assets and investment real estates	-	-	-	-	-	-	3,297,645	3,297,645
Other assets (*)	-	-	3,686,234	3,089,428	3,475,592	-	-	10,251,254
<b>Total assets</b>	<b>1,529,332</b>	<b>2,237,995</b>	<b>84,411,641</b>	<b>53,177,085</b>	<b>137,349,296</b>	<b>79,058,212</b>	<b>13,008,329</b>	<b>370,771,890</b>
<b>Liabilities</b>								
Borrowings from the MOF and SBV	-	-	12,702,000	30,518,678	-	-	-	43,220,678
Deposits and borrowings from other banks	-	-	9,686,261	14,487,660	10,922,805	-	-	35,096,726
Customer deposits and other amounts due to customers	-	-	81,149,529	28,319,772	50,980,319	45,468,118	967	205,918,705
Derivatives and other financial borrowings	-	-	-	-	-	-	-	-
Debts issued and other borrowed funds	-	-	5,572,899	9,421,448	13,808,289	15,932,249	-	44,734,885
Issuing valuable papers	-	-	1,892,469	2,682,071	4,827,727	1,326,016	-	10,728,283
Other liabilities (*)	-	-	-	2,696,178	3,089,558	3,186,107	-	8,971,843
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>111,003,158</b>	<b>88,125,807</b>	<b>83,628,698</b>	<b>65,912,490</b>	<b>967</b>	<b>348,671,120</b>
<b>NET MATURITY RISK STATUS</b>	<b>1,529,332</b>	<b>2,237,995</b>	<b>(26,591,517)</b>	<b>(34,948,722)</b>	<b>53,720,598</b>	<b>13,145,722</b>	<b>13,007,362</b>	<b>22,100,770</b>

(\*) This item does not include provision

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2010

### 44. Capital and Operating Lease Commitments

	31 Dec 2010 VNDm	31 Dec 2009 VNDm
Capital commitments: premises construction, and equipment acquisition	1,921,168	1,591,038
Capital commitments: equity investments	-	8,500
Irrevocable operating lease commitments	623,807	1,552,024
Of which:		
• due within one year	97,172	520,784
• due from two to five years	279,028	910,616
• due after five years	247,607	120,624

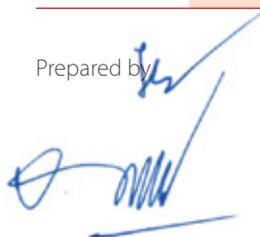
### 45. Events after the Balance Sheet Date

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

### 46. Exchange Rates of Applicable Foreign Currencies against Vietnamese Dong as at 31 December 2010 and 31 December 2009

	31 Dec 2010 VNDm	31 Dec 2009 VNDm		31 Dec 2010 VNDm	31 Dec 2009 VNDm
USD	18,932	17,941	NZD	15,898	13,339
EUR	27,466	26,459	THB	665.05	533.56
GBP	31,808	29,653	SEK	3,052	2,576
CHF	22,070	17,817	NOK	3,512	3,188
JPY	253.10	199.33	DKK	3,678	3,556
SGD	16,003	13,147	HKD	2,650	2,379
CAD	20,628	17,505	CNY	3,140	2,815
AUD	20,935	16,524	KRW	16,78	-

Prepared by



Mr. Ha Quang Vu  
Deputy Head of Financial  
Accounting Department

Hanoi, Vietnam  
10 March 2011

Approved by



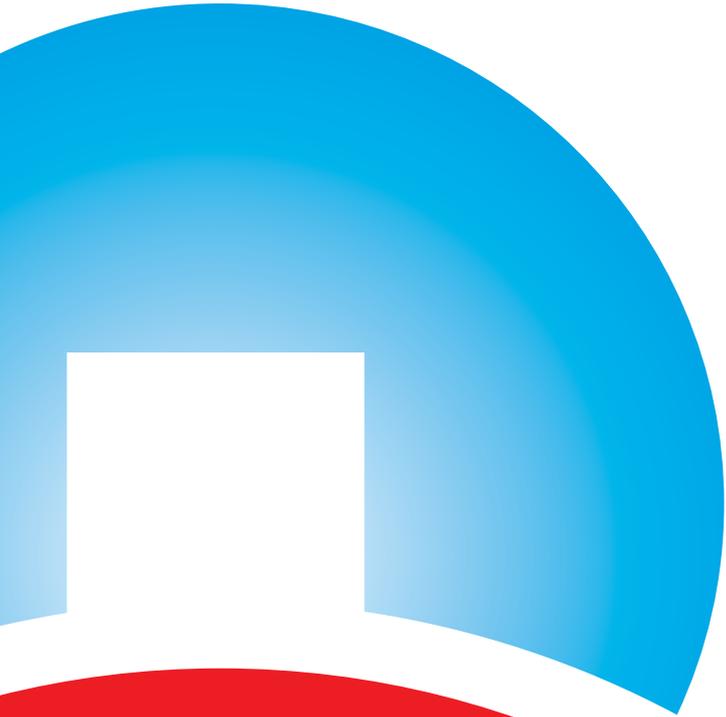
Mr. Nguyen Van Chung  
Chief Accountant

Approved by



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Deputy General Director





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