

**Joint Stock Commercial Bank for
Foreign Trade of Vietnam**

Audited consolidated financial statements

for the year ended 31 December 2012

Joint Stock Commercial Bank for Foreign Trade of Vietnam

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Joint Stock Commercial Bank for Foreign Trade of Vietnam

GENERAL INFORMATION

Banking Licence No. 138/GP-NHNN dated 23 May 2008 issued by the State Bank of Vietnam (“the SBV”) and Decision No. 2719/QĐ-NHNN dated 27 December 2011 by the Governor of the State Bank of Vietnam adjusting and supplementing the contents of the Bank’s operations. The Banking Licence validity is 99 years from the issuance date of the Banking Licence No. 138/GP-NHNN.

Business Registration Certificate Business Registration Certificate No. 0100112437 dated 02 June 2008 issued by Hanoi Authority for Planning and Investment was renewed for the first time on 06 September 2010 and for the seventh time on 10 January 2012.

Members of Board of Directors during the year and at the date of this report

Mr. Nguyen Hoa Binh	Chairman	Appointed on 23 May 2008
Mr. Nguyen Phuoc Thanh	Member	Appointed on 23 May 2008
Ms. Le Thi Hoa	Member	Appointed on 23 May 2008
Ms. Le Thi Kim Nga	Member	Appointed on 23 May 2008
Mr. Nguyen Dang Hong	Member	Appointed on 02 April 2012
Mr. Nguyen Danh Luong	Member	Appointed on 02 April 2012
Mr. Yutaka Abe	Member	Appointed on 02 April 2012
Mr. Le Dac Cu	Member	Appointed on 02 April 2012
Mr. Pham Huyen Anh	Member	Appointed on 20 May 2009 Resigned on 02 April 2012

Members Board of Management during the year and at the date of this report

Mr. Nguyen Phuoc Thanh	Chief Executive Officer	Appointed on 23 May 2008
Mr. Nguyen Van Tuan	Deputy CEO	Appointed on 02 June 2008
Mr. Dao Minh Tuan	Deputy CEO	Appointed on 02 June 2008
Mr. Pham Quang Dung	Deputy CEO	Appointed on 02 June 2008
Mr. Nguyen Danh Luong	Deputy CEO	Appointed on 01 August 2009
Mr. Dao Hao	Deputy CEO	Appointed on 01 August 2010
Mr. Pham Thanh Ha	Deputy CEO	Appointed on 01 August 2010
Mr. Yutaka Abe	Deputy CEO	Appointed on 30 September 2012
Ms. Truong Thi Thuy Nga	Deputy CEO	Appointed on 01 December 2012
Ms. Nguyen Thu Ha	Deputy CEO	Appointed on 02 June 2008 Retired on 01 November 2012

Members of Supervisory Board during the year and at the date of this report

Ms. Truong Le Hien	Head of Supervisory Board	Appointed on 02 June 2008
Ms. La Thi Hong Minh	Member	Appointed on 02 June 2008
Ms. Do Thi Mai Huong	Member	Appointed on 02 June 2008
Ms. Vu Thi Bich Van	Member	Appointed on 22 April 2011

Joint Stock Commercial Bank for Foreign Trade of Vietnam

GENERAL INFORMATION (continued)

Chief Accountant	Ms. Phung Nguyen Hai Yen	Appointed on 16 June 2011
Legal Representative	Mr. Nguyen Phuoc Thanh	Title: Chief Executive Officer
The Bank's Head Office	198 Tran Quang Khai Street Hoan Kiem District, Hanoi, Vietnam	
The Bank's auditors	Ernst & Young Vietnam Limited	

Joint Stock Commercial Bank for Foreign Trade of Vietnam

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Joint Stock Commercial Bank for Foreign Trade of Vietnam (“the Bank”) is responsible for preparing and presenting the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2012.

The Board of Management’s responsibility in respect of the consolidated financial statements

The Board of Management of the Bank is responsible for ensuring that the consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2012, and of the consolidated results of their operations and their consolidated cash flows for the year then ended, in all material aspects, in accordance with the Vietnamese Accounting Standards (“VAS”), the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and comply with the relevant statutory requirements. In preparing these consolidated financial statements, the Board of Management is required to:

- select appropriate accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business.

The Board of Management of the Bank is responsible for ensuring that proper accounting records are kept to disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank and its subsidiaries and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Bank and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other violations.

The Board of Management of the Bank confirmed that the Bank has complied with the above requirements in preparing the accompanying consolidated financial statements for the year ended 31 December 2012.

Statement by the Board of Management

The Board of Management does hereby state that, in its opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2012 and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and comply with the relevant statutory requirements.

For and on behalf of the Board of Management:



Mr. Nguyen Danh Luong
Deputy CEO

Hanoi, 15 March 2013

Reference: 61039047/16113618

INDEPENDENT AUDITORS' REPORT

**To: Shareholders
Joint Stock Commercial Bank for Foreign Trade of Vietnam**

We have audited the consolidated financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam and its subsidiaries as set out on pages 05 to 70 which comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement and the consolidated statement of cash flows for the year then ended and the notes thereto.

The preparation and presentation of these consolidated financial statements are the responsibility of the Board of 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 the Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 Board of 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 consolidated financial statements give a true and fair view, in all material aspects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2012 and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.



Ernst & Young Vietnam Ltd.


Ernst & Young Vietnam Limited



Mr. Vo Tan Hoang Van
Deputy General Director
Certificate No. 0264/KTV

Ho Chi Minh City, Vietnam

15 March 2013



Ms. Hoang Thi Hong Minh
Auditor
Certificate No. 0761/KTV

Joint Stock Commercial Bank for Foreign Trade of Vietnam
Form B02/TCTD-HN
CONSOLIDATED BALANCE SHEET
as at 31 December 2012

*(Issued in accordance with Decision
No. 16/2007/QĐ-NHNN dated 18 April
2007 of the Governor of the SBV)*

	Notes	31/12/2012 VND million	31/12/2011 VND million
A ASSETS			
I Cash on hand, gold, silver and gemstones	4	5,627,307	5,393,766
II Balances with the State Bank of Vietnam	5	15,732,095	10,616,759
III Balances with and loans to other credit institutions	6	65,712,726	105,005,059
1 Balances with other credit institutions		60,509,084	71,822,547
2 Loans to other credit institutions		5,320,515	33,197,058
3 Allowance for loans to other credit institutions		(116,873)	(14,546)
IV Trading securities	7	520,876	817,631
1 Trading securities		521,239	825,372
2 Allowance for diminution in the value of trading securities		(363)	(7,741)
VI Loans and advances to customers		235,869,977	204,089,479
1 Loans and advances to customers	8	241,162,675	209,417,633
2 Allowance for loans and advances to customers	9	(5,292,698)	(5,328,154)
VII Investment securities		78,521,304	29,456,514
1 Available-for-sale securities	10(a)	73,945,195	26,027,134
2 Held-to-maturity securities	10(b)	4,843,173	3,750,522
3 Allowance for diminution in the value of investment securities		(267,064)	(321,142)
VIII Long-term investments		3,020,788	2,618,418
1 Investments in joint-ventures	11(a)	719,266	646,292
2 Investments in associates	11(b)	13,966	18,693
3 Other long-term investments	11(c)	2,324,794	2,161,359
4 Allowance for diminution in the value of long-term investments	11(c)	(37,238)	(207,926)
IX Fixed assets		3,659,582	2,605,744
1 Tangible fixed assets	12	2,304,003	1,460,829
<i>a Cost</i>		5,471,618	4,190,184
<i>b Accumulated depreciation</i>		(3,167,615)	(2,729,355)
2 Intangible fixed assets	13	1,355,579	1,144,915
<i>a Cost</i>		1,676,224	1,386,884
<i>b Accumulated amortization</i>		(320,645)	(241,969)
XI Other assets		5,810,418	6,118,909
1 Receivables	14(a)	1,566,149	2,318,052
2 Accrued interest and fee receivables	14(b)	3,436,613	3,378,930
3 Other assets	14(c)	807,656	421,927
TOTAL ASSETS		414,475,073	366,722,279

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET
as at 31 December 2012 (continued)

	Notes	31/12/2012 VND million	31/12/2011 VND million
B			
LIABILITIES AND SHAREHOLDERS' EQUITY			
I			
Amounts due to the Government and the State Bank of Vietnam	15	24,806,433	38,866,234
II			
Deposits and borrowings from other credit institutions	16	34,066,352	47,962,375
1 Deposits from other credit institutions		16,963,858	22,725,480
2 Borrowings from other credit institutions		17,102,494	25,236,895
III			
Deposits from customers	17	284,414,568	227,016,854
IV			
Derivatives and other financial liabilities	18	5,461	11,474
VI			
Valuable papers issued	19	2,027,567	2,071,383
VII			
Other liabilities		27,449,714	22,012,029
1 Accrued interest and fee payables	20(a)	3,454,890	2,949,343
2 Deferred tax liabilities		53,607	6,789
3 Other liabilities	20(b)	23,364,269	18,157,982
4 Provision for contingent liabilities and off-balance sheet commitments	20(c)	576,948	897,915
TOTAL LIABILITIES		372,770,095	337,940,349
VIII			
Capital and reserves			
1 Capital		32,420,728	20,739,157
a Chartered capital		23,174,171	19,698,045
b Share premium		9,201,397	995,952
c Other capital		45,160	45,160
2 Reserves		2,793,880	2,116,611
3 Foreign exchange differences		121,228	191,020
4 Asset revaluation differences		72,800	70,442
5 Retained profits		6,144,427	5,521,466
a Previous years' retained profits		3,058,026	2,676,183
b Current year's retained profits		3,086,401	2,845,283
TOTAL SHAREHOLDERS' EQUITY	21(a)	41,553,063	28,638,696
IX			
Minority interests		151,915	143,234
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		414,475,073	366,722,279

The accompanying notes are an integral part of these consolidated financial statements

Joint Stock Commercial Bank for Foreign Trade of Vietnam

Form B02/TCTD-HN

CONSOLIDATED BALANCE SHEET
as at 31 December 2012 (continued)

*(Issued in accordance with Decision
No. 16/2007/QĐ-NHNN dated 18 April
2007 of the Governor of the SBV)*

No.	Notes	31/12/2012 VND million	31/12/2011 VND million
OFF-BALANCE SHEET ITEMS			
I Contingent liabilities			
1	Credit guarantees	19,400	25,850
2	Letter of credit	29,674,606	32,696,320
3	Other guarantees	17,353,819	15,384,088
II Commitments			
1	Other commitments	364,982	4,825,942
	35	47,412,807	52,932,200

Hanoi, 15 March 2013

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Mr. Nguyen Danh Luong



*Deputy Director of
Accounting Policy Department*

Chief Accountant

Deputy CEO

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2012

*(Issued in accordance with Decision
No. 16/2007/QĐ-NHNN dated 18 April
2007 of the Governor of the SBV)*

	Notes	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
1 Interest and similar income	22	31,746,997	33,354,733
2 Interest and similar expenses	23	(20,792,904)	(20,933,053)
I Net interest income		10,954,093	12,421,680
3 Fee and commission income	24	2,250,538	2,198,033
4 Fee and commission expenses	24	(861,939)	(688,300)
II Net fee and commission income	24	1,388,599	1,509,733
III Net gain from trading foreign currencies	25	1,487,751	1,179,584
IV Net gain/(loss) from trading securities		76,742	(5,896)
V Net gain from investment securities	26	207,631	24,012
5 Other income	27	657,253	355,489
6 Other expenses	27	(132,155)	(1,616,405)
VI Net other income/(expenses)	27	525,098	(1,260,916)
VII Net income from investments in associates and joint-ventures	28	468,583	1,002,574
TOTAL OPERATING INCOME		15,108,497	14,870,771
VIII TOTAL OPERATING EXPENSES	29	(6,015,636)	(5,699,837)
IX Net profit before provisions and allowances for credit losses		9,092,861	9,170,934
X Provisions and allowances for credit losses	30	(3,328,964)	(3,473,529)
XI PROFIT BEFORE TAX		5,763,897	5,697,405

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2012 (continued)

	Notes	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
7 Current Corporate Income Tax expenses	31	(1,336,691)	(1,480,073)
XII Current Corporate Income Tax expenses		(1,336,691)	(1,480,073)
XIII PROFIT AFTER TAX		4,427,206	4,217,332
XIV Net profit attributable to the minority interest		(23,500)	(20,521)
XVI NET PROFIT		4,403,706	4,196,811
XV Earnings per share (VND)	21(c)	1,626	1,789

Hanoi, 15 March 2013

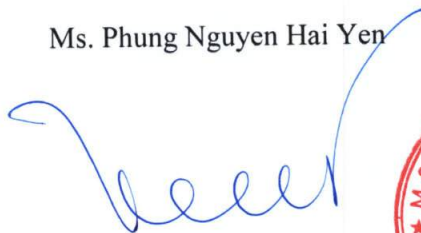
Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Mr. Nguyen Danh Luong


*Deputy Director of
Accounting Policy Department*

Chief Accountant

Deputy CEO

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

	Notes	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
1		32,213,121	32,333,968
2		(20,289,702)	(20,623,670)
3		1,388,599	1,509,733
4		1,843,717	1,261,181
5		(20,575)	(1,484,044)
6	27	369,844	220,106
7		(5,551,206)	(5,176,780)
8	33	(1,498,166)	(1,395,101)
		8,455,632	6,645,393
Net cash flow from operating activities before changes in operating assets and working capital			
Changes in operating assets			
9		(2,259,835)	2,663,810
10		(17,428,159)	(16,913)
11		(31,745,042)	(32,603,727)
12		(3,583,061)	(3,842,717)
13		327,294	(391,713)
Changes in operating liabilities			
14		(10,602,746)	28,789,298
15		(13,896,022)	(10,747,887)
16		53,940,659	22,260,905
17		(43,816)	(1,492,602)
18		(6,013)	46,160
19		4,541,151	13,093,310
20		(452,113)	(517,411)
I		(12,752,071)	23,885,906

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012 (continued)

	Notes	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
1		(1,630,359)	(1,495,797)
2		6,589	5,120
3		(657)	(2,098)
4		(165,029)	(11,676)
5		4,400	1,814,860
6		396,778	142,887
7		-	149,017
II		(1,388,278)	602,313
CASH FLOWS FROM FINANCING ACTIVITIES			
1	21	3,338,869	4,363,918
2	21	8,342,702	-
3	21	(2,363,765)	(93)
III		9,317,806	4,363,825
IV		(4,822,543)	28,852,044
V		125,530,390	96,678,346
VII		120,707,847	125,530,390

Hanoi, 15 March 2013

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Mr. Nguyen Danh Luong

*Deputy Director of
Accounting Policy Department*

Chief Accountant

Deputy CEO



The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

These notes form an integral part of, and should be read in conjunction with, the accompanying consolidated financial statements.

1. Reporting entity

(a) Establishment and operations

Joint Stock Commercial Bank for Foreign Trade of Vietnam was established upon the transformation from a state-owned commercial bank following the approval of the Prime Minister on the equitization plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Banking Licence No. 138/GP-NHNN dated 23 May 2008 by the State Bank of Vietnam for a period of 99 years and Business Registration Certificate No. 0103024468 dated 02 June 2008 by Hanoi Authority for Planning and Investment, Business Registration Certificate No. 0100112437 was renewed for the seventh time on 10 January 2012.

The principal activities of the Bank in accordance with Decision No. 2719/QĐ-NHNN dated 27 December 2011 supplementing the Banking Licence No. 138/GP-NHNN on contents of the Bank's operations are to mobilize and receive short, medium and long-term deposit funds from organizations and individuals; to lend to organizations and individuals up to the nature and capability of the Bank's capital resources; to conduct settlement and cash services; to provide other banking services as approved by the SBV; to invest in associates, joint-ventures and other companies; to invest in stocks and bonds; and to trade in foreign exchange and real-estate business in accordance with the prevailing regulations.

(b) Chartered capital

Under Banking Licence No. 138/GP-NHNN dated 23 May 2008 issued by the SBV and Business Registration Certificate No. 0103024468 dated 02 June 2008 issued by Hanoi Authority for Planning and Investment, the Bank's chartered capital was VND12,100,860,260,000. As at 31 December 2012, under Business Registration Certificate No. 0100112437 which was renewed for the seventh time on 10 January 2012, the Bank's chartered capital was VND23,174,170,760,000. The face value per share is VND10,000.

	31/12/2012		31/12/2011	
	Number of shares	%	Number of shares	%
Shares owned by the State of Vietnam	1,787,023,116	77.10%	1,787,023,116	90.72%
Shares owned by foreign strategic shareholder (Mizuho Corporate Bank, Ltd., Japan)	347,612,562	15.00%	-	-
Shares owned by other shareholders	182,781,398	7.90%	182,781,398	9.28%
	2,317,417,076	100%	1,969,804,514	100%

(c) Locations and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 31 December 2012, the Bank has one (01) Head Office, one (01) Operations Centre, one (01) Training Centre and seventy eight (78) branches nationwide, three (03) local subsidiaries, two (02) overseas subsidiaries, three (03) joint ventures, two (02) associates and one (01) overseas representative office located in Singapore.

The Bank and its subsidiaries hereinafter are referred as "Vietcombank".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 December 2012 (continued)

1. Reporting Entity (continued)

(d) Subsidiaries, joint-ventures and associates

Subsidiaries

<i>Subsidiaries</i>	<i>Operating Licence</i>	<i>Business sector</i>	<i>% direct shareholding by the Bank</i>
Vietcombank Financial Leasing Company Limited (“VCB Leasing”)	Operating Licence No. 05/GP-CTCTTC dated 25 May 1998 granted by the SBV	Financial leasing	100%
Vietcombank Securities Company Limited (“VCB Securities”)	Operating Licence No. 09/GPHDKD dated 24 April 2002 and Licence No. 12/GPHDLK dated 23 May 2002 granted by the State Securities Commission	Capital market, securities broking, financial investment advising	100%
Vietcombank Tower 198 Company Limited (“VCB Tower”)	Investment Licence No. 1578/GP dated 30 May 1996 and No.1578/GPDC1 dated 18 April 2006 granted by the Ministry of Planning and Investment	Office leasing	70%
Vietnam Finance Company Limited (“Vinafico”)	Investment Licence No. 05456282-000-02-11-7 dated 10 February 2011 granted by the Hong Kong Monetary Authority	Financial services	100%
Vietcombank Money Incorporation	Business Licence No. E0321392009-6 dated 15 June 2009 granted by Authority of Nevada State, the United States of America	Remittance	75%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

1. Reporting Entity (continued)

(d) Subsidiaries, joint-ventures and associate company (continued)

Joint-ventures

<i>Joint-ventures</i>	<i>Operating Licence</i>	<i>Business sector</i>	<i>% direct shareholding by the Bank</i>
Vietcombank – Bonday – Ben Thanh Company Limited	Operating Licence No. 2458/GP dated 07 February granted by the Ministry of Planning and Investment	Office leasing	52%
Vietcombank Fund Management Company	Investment Licence No. 06/UBCK-GPHĐQLQ dated 02 December 2005 and Licence No. 76/GPDC-UBCK dated 03 August 2010 granted by the State Securities Commission	Investment fund management	51%
Vietcombank – Cardif Life Insurance Company Limited	Investment Licence No. 55/GP dated 23 October 2008 granted by the Ministry of Finance	Life insurance	45%

Associates

<i>Associates</i>	<i>Operating Licence</i>	<i>Business sector</i>	<i>% direct shareholding by the Bank</i>
Vietcombank – Bonday Limited	Investment Licence No. 283/GP dated 05 December 1991 granted by the Department of Planning and Investment	Office leasing	16%
Vietcombank Partners Fund 1	Decision No. 02/UBCK-TLQTV dated 29 December 2005 granted by the State Securities Commission	Investment fund	11%

(e) Number of employees

As at 31 December 2012, Vietcombank has 13,637 employees (as at 31 December 2011: 12,565 employees).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 December 2012 (continued)

2. Summary of significant accounting policies

The following significant accounting policies have been adopted by Vietcombank in the preparation of these consolidated financial statements.

(a) Basis of financial statements preparation

The consolidated financial statements are presented in Vietnam Dong (“VND”) and rounded to the nearest million (“VND million”), have been prepared in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV and the relevant statutory requirements. The Bank also prepares the separate financial statements for the year ended 31 December 2012.

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the direct method in accordance with the SBV’s regulations. During the year, Vietcombank has applied the accounting policies consistently with the previous year.

(b) Fiscal year

Vietcombank's fiscal year is from 01 January to 31 December.

(c) Foreign currency transactions

According to the Bank’s accounting system, the Bank records all transactions in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are converted into VND at the inter-bank exchange rates prevailing on the balance sheet date. Non-monetary foreign currency assets and liabilities are reported using the exchange rate effective on the date of the transaction. Income and expenses in foreign currencies are converted into VND in the consolidated income statement at the exchange rates on the dates of the transactions.

Foreign exchange differences arising from revaluation of foreign currency trading activities at the end of the fiscal year are recorded in the consolidated income statement.

In order to prepare the consolidated financial statements for the subsidiaries using consolidation method and for the associates and joint-ventures using equity method, which have accounting currencies other than VND, assets, liabilities and equity accounts of these companies are converted into VND at the spot rate of exchange on the balance sheet date, and the consolidated income statement is converted at the average exchange rate for the year. The exchange differences arising from the conversion are taken into equity in the consolidated balance sheet.

(d) Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. The control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that the control commences until the date that the control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

2. Summary of significant accounting policies (continued)

(d) Consolidation (continued)

(i) Subsidiaries (continued)

Inter-company balances, transactions and profit/loss on transactions between those companies and the Bank are eliminated in the consolidated financial statements. The accounting policies of subsidiaries have been changed if necessary to ensure the consistency with the policies adopted by the Bank.

Minority interest is the portion of the profit or loss and net assets of a subsidiary attributable to equity interest that are not owned, directly or indirectly through subsidiaries, by the Bank.

(ii) Associates and joint-ventures

Associates are those entities in relation to which the Bank has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Bank holds from 20 to 50 percent of the voting power of a certain entity.

Joint-ventures are those entities over whose activities the Bank has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Vietcombank uses the equity method for consolidating its investments in associates and joint ventures in the consolidated financial statements. Vietcombank's share of its associates' and joint-ventures' post acquisition profits or losses is recognized in the consolidated income statement. When Vietcombank's share of losses in associates and joint-ventures equals or exceeds the book value of its investment in the associates and joint-ventures, Vietcombank does not recognize further losses in its consolidated financial statements, unless it has obligations to pay on behalf of the associates and joint-ventures. Accounting policies of associates and joint-ventures have been changed where necessary to ensure consistency with the policies adopted by Vietcombank.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the SBV, Treasury bills and other short-term valuable papers which are eligible for discounting, securities with collection terms or maturities not exceeding three months since the purchase date, balances with and loans to other credit institutions with original terms to maturity not exceeding three months.

(f) Investments

(i) Trading securities

Trading securities are debt securities, which are bought and held for the purpose of reselling within one year to gain profit on changes in price.

Trading securities are initially recognized at cost of acquisition. They are subsequently measured at the lower of the book value and the market value. Gains or losses from the sales of trading securities are recognized in the consolidated income statement.

Interest and dividend derived from holding trading securities are recognized on the cash basis in the consolidated income statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)**

2. Summary of significant accounting policies (continued)

(f) Investments (continued)

(ii) Investment securities

Investment securities are classified into two categories: available-for-sale and held-to-maturity investment securities. Vietcombank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, Vietcombank is allowed to reclassify investment securities no more than once after the purchase date.

Available-for-sale investment securities

Available-for-sale investment securities are debt securities, equity securities or other securities, which are acquired for an indefinite period and may be sold at any time.

Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities, with fixed or determinable payments and maturities where Vietcombank's management has the positive intention and ability to hold until maturity.

Investment securities are initially recognized at cost of acquisition, including transaction expenses and other directly attributable expenses. They are subsequently measured at the lower of the book value after amortization and the market value. Premiums and discounts arising from purchases of debt securities are amortized in the consolidated income statement using straight-line method over the period from the acquisition dates to the maturity dates.

(iii) Long-term investments

Other long-term investments represent Vietcombank's capital investments in other enterprises at which Vietcombank either owns less than 20% of voting right and is a foundation shareholder; or a strategic partner; or having impacts on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel in the Board of Directors/Board of Management.

Other long-term investments include equity securities and other long-term capital contributions whose holding, withdrawing or paying term is for more than 01 year (at the exclusion of capital contributions, investments into joint-ventures and associates).

Other long-term investments are initially recognized at cost. They are subsequently measured at the lower of the book value and the market value. Cost is determined on a weighted average basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

2. Summary of significant accounting policies (continued)

(g) Loans and advances to customers

(i) Loans and advances to customers

Loans and advances to customers are stated on the consolidated balance sheet at the principal amounts outstanding at the end of the fiscal year.

Allowance for credit risk of loans and advances to customers is recorded and stated in a separate line.

(ii) Specific allowance for credit risk

In accordance with Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by the SBV (“Decision 493”), which was amended and supplemented by Decision No. 18/2007/ QĐ-NHNN dated 25 April 2007 issued by the SBV (“Decision 18”), specific allowance for credit risk is calculated on loan grading and corresponding allowance rate against principal outstanding as at 30 November less allowed value of collateral as follows:

	<i>Allowance rate</i>
Group 1 – Current	0%
Group 2 – Special mentioned	5%
Group 3 – Sub-standard	20%
Group 4 – Doubtful	50%
Group 5 – Loss	100%

Vietcombank applies Article 7 of Decision 493 to classify loans and advances based on both qualitative and quantitative factors. This rating and classification methodology was approved to be effective on 01 January 2010 by the SBV in Official Letter No. 3937/NHNN - TTGSNH dated 27 March 2010.

On 23 April 2012, the State Bank of Vietnam issued Decision No. 780/QĐ-NHNN on classification of rescheduled or extended loans. Accordingly, the Bank is permitted to maintain the group of rescheduled or extended loans of customers, which are assessed to have positive business activities and good repayment capability after the rescheduling or extension.

(iii) General allowance for credit risk

Vietcombank is required to make and maintain a general allowance of 0.75% of total outstanding balance of loans and advances to customers which are classified into Group 1 to 4 at the date of the consolidated balance sheet. Such general allowance is required to made in full within 5 years from the effective date of Decision 493. As at 31 December 2012, Vietcombank made a general allowance of 0.75% of the above balances as at 30 November 2012 (at 31 December 2011: 0.75% of the above balances as at 30 November 2011).

(iv) Bad debt write-off

In accordance with the requirements of Decision 493, loans and advances to customers are written off against allowances when loans and advances have been classified into Group 5 or when borrowers have declared bankruptcy (for borrowers being legal entities) or borrowers are dead or missing (for borrowers being individuals).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

2. Summary of significant accounting policies (continued)

(h) Provision for off-balance sheet commitments

In accordance with Decision 493 and Decision 18, Vietcombank is required to classify guarantees, acceptances, undrawn loan commitments which are unconditionally irrevocable into 5 groups (Note 2(g)) and make specific provisions accordingly.

In addition, Vietcombank is required to make a general provision of 0.75% of total irrevocable outstanding letters of guarantee, letters of credit, and commitment of financing to customers as at the consolidated balance sheet date. Such general provision is required to be made in full within 5 years from the effective date of Decision 493. As at 31 December 2012, Vietcombank made a general provision of 0.75% of the above balances as at 30 November 2012 (at 31 December 2011: 0.75% of the above balances as at 30 November 2011).

(i) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future (repos) are still recognized on the consolidated financial statements. The corresponding cash received from these agreements is recognized on 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 based on the interest rate stipulated in the contract.

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognized in the consolidated financial statements. The corresponding cash paid under these agreements is recognized in the consolidated balance sheet in "Loans and advances to customers". The difference between the purchase price and resale price is treated as interest income and is amortized over the life of the agreement on a straight-line basis to the consolidated income statement.

(j) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the cost of dismantling and removing the asset and restoring the site on which they are located. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated income statement in the year in which the costs are incurred. In case it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalized as an additional cost of tangible fixed assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)**

2. Summary of significant accounting policies (continued)

(j) Tangible fixed assets (continued)

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of items of tangible fixed assets. The estimated useful lives are as follows:

• Premises	25 years
• Office furniture, fittings and equipment	3 - 5 years
• Motor vehicles	6 years
• Others	4 years

(k) Intangible fixed assets

(i) Land use rights

Land use rights are the land transferred upon payments of land use fee. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right.

In accordance with Circular 203/2009/TT-BTC dated 20 October 2009 by the Ministry of Finance, effective from 01 January 2010, intangible fixed assets which are land use rights are not amortized.

In accordance with Circular 123/2012/TT-BTC dated 27 July 2012 by the Ministry of Finance, effective from 10 September 2012, applied since 2012, value of term land use rights participating in business and production activities shall be amortized to deductible expenses by the time limit stated in the certificate of land use right.

(ii) Other intangible fixed assets

Copyrights, patents and other intangible fixed assets are amortized on a straight-line basis over 4 years.

(l) Deposits from customers and certificates of deposits

Deposits from customers and certificates of deposits are stated at cost.

(m) Valuable papers issued

Valuable papers issued are stated at cost, net off amortized premiums and discounts. Cost of valuable papers issued includes the proceeds from the issuance less directly attributable expenses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)**

2. Summary of significant accounting policies (continued)

(n) Provision for severance allowance

Under the Vietnamese Labour Code, when employees who have worked for the Bank and its subsidiaries in Vietnam for 12 months or more (“eligible employees”) voluntarily terminates their labour contract, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees’ compensation at termination. Provision for severance allowance has been provided at 3% of the basic salary fund which is used for calculating Social Insurance contribution of the Bank and its subsidiaries in Vietnam.

Pursuant to Law on Social Insurance, effective from 01 January 2009, the Bank, its subsidiaries in Vietnam and their employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary or 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of the unemployment insurance scheme, the Bank and its subsidiaries in Vietnam are no longer required to provide severance allowance for the service period after 01 January 2009. However, severance allowance to be paid to existing eligible employees as of 31 December 2008 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

In accordance with Circular 180/2012/TT-BTC dated 24 October 2012, as at the date of preparing consolidated financial statements, the balance of unused provision for severance allowance fund was recognized in other revenue in 2012 and was not carried forward to the next year.

(o) Capital and reserves

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity.

(ii) Share premium

On receipt of capital from shareholders, the difference between the issuance price and the par value of the shares is recorded as share premium in equity.

(iii) Treasury shares

When Vietcombank repurchases its own issued shares, the total paid amount which includes directly attributable costs, net off any tax effects, is recognized as a deduction from equity and referred to as treasury shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

2. Summary of significant accounting policies (continued)

(o) Capital and reserves (continued)

(iv) Reserves

Reserves are for specific purposes and appropriated from net profit after tax at prescribed rates as below:

- Supplementary chartered capital reserve: 5% of net profit after tax and does not exceed the Bank's chartered capital.
- Financial reserve: 10% of net profit after tax and does not exceed 25% of the Bank's chartered capital.
- Investment and development reserves, bonus and welfare funds and other reserves: are to be made upon the decisions of the Annual General Shareholders' Meeting. The allocation ratios are decided by the Annual General Shareholders' Meeting and in accordance with relevant regulatory requirements.

The appropriation to reserves are made in accordance with the decisions of the Annual General Shareholders' Meeting and relevant statutory requirements.

The remaining of the net profit after tax, after allocation to reserves and dividends payment, is recorded as retained profits of Vietcombank.

Vietcombank Securities Company Limited sets up reserves in accordance with Circular 24/2007/TT-BTC issued by the Ministry of Finance ("MoF") on 27 March 2007.

(p) Revenue and expenses

(i) Interest income and interest expenses

Interest income of outstanding loans classified in Group 1 (as defined in Note 2(g)) is recognized in the consolidated financial statement on an accrual basis. Accrued interest on loans classified in Group 2 to Group 5 is recognized in the consolidated income statement upon receipt.

Interest expenses are recorded on an accrual basis.

(ii) Fees, commissions and dividend income

Fees and commissions are recognized on an accrual basis. Dividends receivable in cash from investment activities is recognized in the consolidated income statement when Vietcombank's right to receive payment is established.

(iii) Dividends received in the form of shares

In accordance with Circular No. 244/2009/TT-BTC dated 31 December 2009, effective from 01 January 2010, dividends and other receipts in the form of shares, amounts distributed in the form of shares coming from profits of joint stock companies, are not recorded in the consolidated financial statements but only recognized as an increase in the number of shares held by Vietcombank instead.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)**

2. Summary of significant accounting policies (continued)

(q) Operating lease payments

(i) Lessee

Payments made under operating leases are recognized in the consolidated income statement on a straight-line basis over the term of the lease.

(ii) Lessor

Vietcombank recognizes operating lease in the consolidated balance sheet. Rental income is recognized on a straight - line basis over the lease term whatever payment method is. Expenses occurred during the leasing period, including depreciation expenses are recognized as operating expenses for the period.

(r) Taxation

Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognized in the consolidated income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payables in respect of previous years.

Deferred tax is calculated by using the balance sheet method, providing for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(s) Related parties

Entities and individuals, directly or indirectly through one or more intermediaries, which control, or are controlled by, or are under common control with Vietcombank are related parties of Vietcombank. Associates and individuals, directly or indirectly owning the voting power of Vietcombank that gives them significant influence over the enterprise, key management personnel, including directors and officers of Vietcombank and close members of the family of these individuals and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Government of Vietnam, through the State Bank of Vietnam, is a shareholder of Vietcombank. Therefore, in these consolidated financial statements, some Government agencies, including the Ministry of Finance and the State Bank of Vietnam are considered as related parties of Vietcombank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

2. Summary of significant accounting policies (continued)

(t) Segment reporting

A segment is a distinguishable component of Vietcombank engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Vietcombank's primary format for segment reporting is based on geographical segments. Vietcombank's secondary format for segment reporting is based on business segments.

(u) Off-balance sheet items

(i) Foreign exchange contracts

Vietcombank enters into foreign exchange forwards and swaps contracts which enable customers to transfer, modify or reduce their foreign exchange risk or other market risks and simultaneously are used for business purpose of Vietcombank.

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate and settled in cash. Forward contracts are recorded at nominal value on the balance sheet at the transaction date and are subsequently revaluated at exchange rate at the year end. Realized or unrealized gain or loss is recognized in the consolidated income statement.

Swap contracts are commitments to settle in cash at a future date based on differences among specified exchange rates calculated on notional principal amount. Swap contracts are subsequently revaluated on the balance sheet date; the difference on revaluation is recognized in the consolidated income statement.

(ii) Commitments and contingent liabilities

Vietcombank has credit commitments arising from its regular lending activities. These commitments are unutilized loans and overdraft facilities which are approved. Vietcombank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore these commitments and contingent liabilities do not represent expected future cash flows.

(v) Other receivables

Vietcombank has provided provision for overdue receivables in accordance with the Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 07 December 2009. Accordingly, receivables are subject to review for impairment based on overdue periods of the receivables or estimated loss arising from undue debts of which the indebted economic organizations fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or on trial by law enforcement bodies, are serving sentences or have deceased...

<u>Overdue period</u>	<u>Provision rate</u>
From six (06) months to less than one (01) year	30%
From one (01) year to less than two (02) years	50%
From two (02) years to less than three (03) years	70%
Over three (03) years	100%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)**

2. Summary of significant accounting policies (continued)

(w) Offsetting

Financial assets and liabilities are offset and the net amounts are reported in the consolidated balance sheet if, and only if, Vietcombank has currently enforceable legal rights to offset the recognized amounts and Vietcombank has an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(x) Earnings per share

Vietcombank presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of Vietcombank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by dividing the adjusted profit or loss attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares.

3. Presentation of financial instruments in accordance with Circular No. 210/2009/TT-BTC

During its business operation, Vietcombank regularly enters into contracts which give rise to financial assets, financial liabilities and equity instruments.

Financial assets of Vietcombank mainly include:

- Cash;
- Balances with the State Bank of Vietnam;
- Balances with and loans to other credit institutions;
- Loans and advances to customers;
- Trading securities;
- Investment securities;
- Other long-term investments;
- Financial derivative assets; and
- Other financial assets.

Financial liabilities of Vietcombank mainly include:

- Amounts due to the Government and the State Bank of Vietnam;
- Deposits and borrowings from other credit institutions;
- Deposit from customers;
- Valuable papers issued;
- Financial derivative liabilities; and
- Other financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

3. Presentation of financial instruments in accordance with Circular 210/2009/TT-BTC (continued)

(a) Classification of financial assets and liabilities

For the disclosure purpose in the consolidated financial statements, Vietcombank appropriately classifies financial assets and financial liabilities in accordance with Circular 210/2009/TT-BTC.

Financial assets are classified as follows:

- Financial assets held for trading;
- Held-to-maturity investments;
- Loans and receivables; and
- Financial assets available-for-sale.

Financial liabilities are classified as follows:

- Financial liabilities held for trading; and
- Financial liabilities carried at amortized cost.

(b) Measurement and disclosures of fair value

In accordance with Circular 210/2009/TT-BTC, Vietcombank has to disclose the fair value of financial assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as in Notes 38.

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting Note 38. The financial instruments of Vietcombank are still recognized and recorded in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements as described in the notes above.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the recognition date.

When an active market is available, Vietcombank measures the fair value of an instrument using its quoted price in the active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions.

If a market for a financial instrument is not active, Vietcombank establishes fair value using valuation techniques. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to Vietcombank, incorporates all factors that market participants would consider in setting prices, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs for valuation techniques reasonably represent market expectations and measures of the risk-returns factors inherent in the financial instrument.

In case there is not enough information for using valuation techniques, fair value of the financial instruments that do not have quoted market prices are deemed to be not reliably measured and therefore, not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

4. Cash on hand, gold, silver and gemstones

	31/12/2012 VND million	31/12/2011 VND million
Cash on hand in VND	4,067,957	3,470,331
Cash on hand in foreign currencies	1,552,520	1,326,802
Valuable papers in foreign currencies	6,830	8,714
Gold	-	587,919
	5,627,307	5,393,766

5. Balances with the State Bank of Vietnam

	31/12/2012 VND million	31/12/2011 VND million
Demand deposits in VND	7,203,569	5,410,490
Demand deposits in USD	8,528,526	5,206,269
	15,732,095	10,616,759

These consist of a compulsory reserve (“CRR”) for liquidity and current account.

The monthly average balance of the demand deposits of the Bank with the SBV must not be less than the monthly balance of CRR. The amount of monthly balance of CRR is calculated by the monthly average balances of deposits multiplied by preceding CRR rates.

The effective CRR rates at the year end were as follows:

Type of deposits	31/12/2012	31/12/2011
Deposits in VND with terms of less than 12 months	3%	3%
Deposits in VND with terms of and more than 12 months	1%	1%
Deposits in foreign currencies with terms of less than 12 months	8%	8%
Deposits in foreign currencies with terms of and more than 12 months	6%	6%
Deposit from overseas credit institutions in foreign currencies	1%	1%

The annual interest rates at the year end were as follows:

	31/12/2012	31/12/2011
Compulsory reserve in VND	1.2%	1.2%
Compulsory reserve in USD	0%	0%
Demand deposits in VND	0%	0%
Demand deposits in USD	0.05%	0.05%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

6. Balances with and loans to other credit institutions

	31/12/2012 VND million	31/12/2011 VND million
Balances with other credit institutions		
Demand deposits in VND	25,622	12,241
Demand deposits in foreign currencies	44,157,801	18,629,416
Term deposits in VND	3,244,540	19,899,795
Term deposits in foreign currencies	13,081,121	33,281,095
	60,509,084	71,822,547
Loans to other credit institutions		
Loans in VND	5,320,515	20,326,604
Loans in foreign currencies	-	12,870,454
	5,320,515	33,197,058
Allowances for loans to other credit institutions	(116,873)	(14,546)
	5,203,642	33,182,512
	65,712,726	105,005,059

Allowances for loans to other credit institutions comprise of:

	31/12/2012 VND million	31/12/2011 VND million
General allowance	50,057	14,546
Specific allowance	66,816	-
Closing balance	116,873	14,546

Movements in general allowance for loans to other credit institutions were as follows:

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Opening balance	14,546	1,132
Allowance made during the year (Note 30)	35,511	13,414
Closing balance	50,057	14,546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

6. Balances with and loans to other credit institutions (continued)

Movements in specific allowance for loans to other credit institutions were as follows:

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Opening balance	-	4,490
Allowance made/(reversed) during the year (Note 30)	66,816	(4,490)
Closing balance	66,816	-

7. Trading securities

Issuer types and listing status of trading securities were as follows:

	31/12/2012 VND million	31/12/2011 VND million
Equity securities	11,569	117,417
Listed	11,223	11,337
Unlisted	346	106,080
Debt securities issued by local credit institutions	509,670	707,955
Listed	509,670	509,955
Unlisted	-	198,000
	521,239	825,372
Allowance for diminution in value of trading securities	(363)	(7,741)
	520,876	817,631

Movements in allowance for diminution in value of trading securities were as follow:

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Opening balance	7,741	3,649
Allowance (reserved)/made during the year	(7,378)	4,092
Closing balance	363	7,741

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

8. Loans and advances to customers

	31/12/2012	31/12/2011
	VND million	VND million
Loans to local corporations and individuals	237,669,404	206,061,931
Discounted bills and valuable papers	1,957,783	1,470,746
Financial leases	1,346,346	1,286,698
Loans given to make payments on behalf of customers	17,822	425,005
Loans to foreign individuals and enterprises	43,224	45,157
Frozen loans	128,096	128,096
	241,162,675	209,417,633

Loan portfolio by loan group was as follows:

	31/12/2012	31/12/2011
	VND million	VND million
Current	201,798,721	174,350,730
Special mentioned	33,572,647	30,808,944
Sub-standard	3,126,126	1,257,457
Doubtful	1,213,720	653,072
Loss	1,451,461	2,347,430
	241,162,675	209,417,633

Loan portfolio by term was as follows:

	31/12/2012	31/12/2011
	VND million	VND million
Short-term	149,536,983	123,311,798
Medium-term	25,093,195	22,324,975
Long-term	66,532,497	63,780,860
	241,162,675	209,417,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

8. Loans and advances to customers (continued)

Loan portfolio by type of borrowers and by ownership was as follows:

	31/12/2012	31/12/2011
	VND million	VND million
State-owned enterprises	58,557,802	55,775,069
Limited companies	48,660,496	38,452,780
Foreign invested enterprises	13,290,205	12,892,737
Co-operative and private companies	5,356,926	4,411,825
Individuals	28,783,709	20,872,890
Others	86,513,537	77,012,332
	241,162,675	209,417,633

Loan portfolio by industry sectors was as follows:

	31/12/2012	31/12/2011
	VND million	VND million
Construction	14,083,060	12,840,564
Electricity, gas, water processing and supplying	20,371,596	15,927,208
Processing and manufacturing	85,210,848	77,468,701
Mining	14,759,335	13,553,639
Agriculture, forestry and aquaculture	4,765,988	2,445,791
Transportation, logistics and communication	12,396,866	11,803,491
Trading and services	53,528,805	46,445,516
Hospitality	6,025,950	5,433,282
Others	30,020,227	23,499,441
	241,162,675	209,417,633

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)**

9. Allowance for loans and advances to customers

	31/12/2012 VND million	31/12/2011 VND million
General allowance	1,734,769	1,464,435
Specific allowance	3,557,929	3,863,719
	5,292,698	5,328,154

Movements in general allowance for loans and advances to customers were as follows:

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Opening balance	1,464,435	1,279,097
Allowance made during the year (Note 30)	270,334	168,850
Foreign exchange difference	-	16,488
Closing balance	1,734,769	1,464,435

Movements in specific allowance for loans and advances to customers were as follows:

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Opening balance	3,863,719	4,293,491
Allowance made during the year (Note 30)	3,277,270	3,407,041
Allowance utilized for writing off bad debt	(3,583,060)	(3,840,360)
Foreign exchange difference	-	3,547
Closing balance	3,557,929	3,863,719

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

10. Investment securities

(a) Available-for-sale securities

	31/12/2012 VND million	31/12/2011 VND million
Debt securities		
Government bonds	15,722,521	10,129,004
Treasury bills	42,907,290	764,710
Securities issued by local credit institutions	13,927,565	13,698,323
Securities issued by local economic entities	1,158,380	1,309,997
Equity securities		
Securities issued by local credit institutions	87,945	89,456
Securities issued by local economic entities	141,494	35,644
	73,945,195	26,027,134
Allowance for diminution in value of available-for-sale securities	(261,204)	(305,911)
	73,683,991	25,721,223

Movements in allowance for diminution in value of available-for-sale securities were as follows:

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Opening balance	305,911	299,292
Allowance (reserved)/made during the year (Note 26)	(44,707)	6,619
Closing balance	261,204	305,911

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

10. Investment securities (continued)

(b) Held-to-maturity securities

	31/12/2012	31/12/2011
	VND million	VND million
Government bonds	3,823,990	2,437,741
Debt securities issued by local credit institutions	503,472	720,774
Investments trusted to local entities	515,711	592,007
	4,843,173	3,750,522
Allowance for diminution in value of held-to-maturity securities	(5,860)	(15,231)
	4,837,313	3,735,291

Movements in allowance for diminution in value of held-to-maturity securities were as follows:

	Year ended	Year ended
	31/12/2012	31/12/2011
	VND million	VND million
Opening balance	15,231	-
Allowance (reversed)/made during the year (Note 26)	(9,371)	15,231
	5,860	15,231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

11. Long-term investments

(a) Investments in joint-ventures

As at 31 December 2012

	Business sector	% share- holding	At cost VND million	Book value VND million
Vietcombank – Bonday – Ben Thanh Company Limited	Office leasing	52%	351,615	390,096
Vietcombank Fund Management Company	Investment fund management	51%	28,050	42,738
Vietcombank – Cardif Life Insurance Company Limited	Life insurance	45%	270,000	286,432
			649,665	719,266

As at 31 December 2011

	Business sector	% share- holding	At cost VND million	Book value VND million
Vietcombank – Bonday – Ben Thanh Company Limited	Office leasing	52%	276,067	319,972
Vietcombank Fund Management Company	Investment fund management	51%	28,050	42,681
Vietcombank – Cardif Life Insurance Company Limited	Life insurance	45%	270,000	283,639
			574,117	646,292

The Bank owns 52% and 51% of the total capital of the Vietcombank – Bonday – Ben Thanh Company Limited and Vietcombank Fund Management Company respectively; however, these companies' charters require a consensus among related parties on all important decisions on the companies' operational and financial matters. Therefore, owning more than half of the companies' capital does not mean that the Bank has control over these companies. Therefore, the investments in these two companies are classified into "Investment in joint-ventures" rather than "Investment in subsidiaries".

The Bank owns 45% of the total capital of Vietcombank – Cardif Life Insurance Company Limited; however, this company's charter requires a consensus among related parties on all important decisions on the company's operational and financial matters. Therefore, the investments in the company is classified into "Investment in joint-ventures" rather than "Investment in associates".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

11. Long-term investments (continued)

(b) Investments in associates

As at 31 December 2012

	Business sector	% share- holding	At cost VND million	Book value VND million
Vietcombank – Bonday Limited	Office leasing	16%	11,110	10,126
Vietcombank Partners Fund 1	Investment fund	11%	6,600	3,840
			17,710	13,966

As at 31 December 2011

	Business sector	% share- holding	At cost VND million	Book value VND million
Vietcombank – Bonday Limited	Office leasing	16%	11,110	11,200
Vietcombank Partners Fund 1	Investment fund	11%	11,000	7,493
			22,110	18,693

The Bank has significant influence but limited control, through its participation in the Board of Directors and the Fund Representative Board respective of these parties, over the financial and operational policies of these companies. Therefore, the investments in the above companies are classified in “Investment in associates” rather than “Other long-term investments”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

11. Long-term investments (continued)

(c) Other long-term investments

As at 31 December 2012

	Business sector	% share- holding	VND million
Vietnam Export - Import Commercial Joint Stock Bank	Bank	8.19%	582,065
Saigon Bank for Industry and Trade	Bank	4.30%	123,452
Military Commercial Joint Stock Bank	Bank	9.79%	1,142,643
Orient Commercial Joint Stock Bank	Bank	5.06%	144,802
Central People's Credit Fund	Credit Fund	0.25%	5,000
Small & Medium Enterprises Credit Guarantee Fund	Credit services	0.95%	1,864
SWIFT, MASTER and VISA	Card and settlement services	-	1,571
Petrolimex Insurance JSC	Insurance	10.04%	67,900
PV Drilling JSC	Drilling	2.56%	55,945
Gentraco JSC	Food services	3.76%	4,024
Ho Chi Minh City Infrastructure Investment JSC	Construction	1.78%	13,676
Nha Rong Insurance Company	Insurance	3.73%	12,540
PCB Investment Company	Credit information services	9.84%	7,962
Cement Financial JSC	Financial services	10.91%	70,950
Vietnam Infrastructure Development and Finance Investment JSC	Highway investment	1.50%	75,000
Viet Real Estate JSC	Real estate	11.00%	11,000
Smartlink Card	Card services	8.80%	4,400
FNBC	Media services	-	-
			2,324,794
Allowance for diminution in the value of other long-term investments			(37,238)
			2,287,556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

11. Long-term investments (continued)

(c) Other long-term investments (continued)

As at 31 December 2011

	Business sector	% share- holding	VND million
Vietnam Export - Import Commercial Joint Stock Bank	Bank	8.19%	582,065
Saigon Bank for Industry and Trade	Bank	5.26%	123,452
Military Commercial Joint Stock Bank	Bank	11.00%	966,642
Orient Commercial Joint Stock Bank	Bank	5.06%	144,802
Central People's Credit Fund	Credit Fund	0.29%	5,000
Small & Medium Enterprises Credit Guarantee Fund	Credit services	0.92%	1,800
SWIFT, MASTER and VISA	Card and settlement services	-	761
Petrolimex Insurance JSC	Insurance	10.04%	67,900
PV Drilling JSC	Drilling	2.56%	55,945
Gentraco JSC	Food services	3.76%	4,024
Ho Chi Minh City Infrastructure Investment JSC	Construction	1.78%	13,676
Nha Rong Insurance Company	Insurance	3.73%	12,540
PCB Investment Company	Credit information services	9.84%	7,962
Cement Financial JSC	Financial services	10.91%	70,950
Vietnam Infrastructure Development and Finance Investment JSC	Highway investment	1.50%	75,000
Viet Real Estate JSC	Real estate	11.00%	11,000
Smartlink Card	Card services	8.80%	4,400
FNBC	Media services	10.00%	13,440
			2,161,359
Allowance for diminution in the value of other long-term investments			(207,926)
			1,953,433

Movements in allowance for diminution in the value of other long-term investments were as follows:

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Opening balance	207,926	155,899
Allowance (reserved)/made during the year (Note 27)	(170,688)	52,027
Closing balance	37,238	207,926

12. Tangible fixed assets

	Premises VND million	Office furniture, fittings and equipment VND million	Motor Vehicles VND million	Others VND million	Total VND million
Cost					
Opening balance	881,359	2,604,722	381,232	322,871	4,190,184
Additions	740,294	483,707	64,293	67,443	1,355,737
- Purchases	740,287	477,139	63,705	67,408	1,348,539
- Others	7	6,568	588	35	7,198
Decreases	(355)	(51,152)	(4,861)	(17,935)	(74,303)
- Disposal	(321)	(44,584)	(4,861)	(11,817)	(61,583)
- Others	(34)	(6,568)	-	(6,118)	(12,720)
Closing balance	1,621,298	3,037,277	440,664	372,379	5,471,618
Accumulated depreciation					
Opening balance	301,816	2,040,477	200,970	186,092	2,729,355
Additions	46,481	353,638	52,951	51,027	504,097
- Charges for the year	46,481	349,396	52,611	50,983	499,471
- Others	-	4,242	340	44	4,626
Decreases	(1,507)	(44,886)	(4,666)	(14,778)	(65,837)
- Disposal	(1,482)	(44,555)	(4,666)	(10,996)	(61,699)
- Others	(25)	(331)	-	(3,782)	(4,138)
Closing balance	346,790	2,349,229	249,255	222,341	3,167,615
Net book value					
Opening balance	579,543	564,245	180,262	136,779	1,460,829
Closing balance	1,274,508	688,048	191,409	150,038	2,304,003

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

13. Intangible fixed assets

	Land use rights VND million	Copyrights & patents VND million	Others VND million	Total VND million
Cost				
Opening balance	1,007,225	300,436	79,223	1,386,884
Additions	172,318	116,991	31	289,340
- Purchases	172,318	116,991	31	289,340
- Others	-	-	-	-
Decreases	-	-	-	-
Closing balance	1,179,543	417,427	79,254	1,676,224
Accumulated amortization				
Opening balance	11,592	166,502	63,875	241,969
Additions	5,027	73,971	56	79,054
- Charges for the year	3,776	73,971	56	77,803
- Others	1,251	-	-	1,251
Decreases	(378)	-	-	(378)
Closing balance	16,241	240,473	63,931	320,645
Net book value				
Opening balance	995,633	133,934	15,348	1,144,915
Closing balance	1,163,302	176,954	15,323	1,355,579

14. Other assets

(a) Receivables

	31/12/2012 VND million	31/12/2011 VND million
Internal receivables	325,783	253,723
External receivables (i)	1,240,366	2,064,329
	1,566,149	2,318,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

14. Other assets (continued)

(a) Receivables (continued)

(i) External receivables

	31/12/2012 VND million	31/12/2011 VND million
Advances for the purchase of fixed assets	234,157	280,016
Receivable from the State Budget in relation to the interest subsidy program	130,195	625,639
Advance for Corporate Income Tax (Note 33)	2,185	3,919
Advance for Value Added Tax (Note 33)	2,337	4,273
Advance for other taxes (Note 33)	61	-
Construction in progress (*)	639,932	937,339
Other receivables	231,499	213,143
	1,240,366	2,064,329

(*) Construction in progress

	31/12/2012 VND million	31/12/2011 VND million
Construction in progress	639,932	937,339
<i>In which, large constructions include:</i>		
- South Sai Gon Branch construction	-	397,367
- Thanh Cong Branch construction	48,064	48,005
- Ha Tinh Branch construction	-	21,636
- Da Nang Branch construction	9	31,674
- Gia Lai Branch construction	10,201	24,250
- Quang Nam Branch construction	3,316	51,347
- Hai Duong Branch construction	21,577	10,316
- Long An Branch construction	374	27,823
- Soc Trang Branch construction	74,429	21,185
- Quang Ninh Branch construction	35,834	28,135
- Hung Yen Branch construction	49,759	32,845
- Mong Cai Branch construction	-	59,251
- Bac Ninh Branch construction	45,152	16,648
- Hai Phong Branch construction	42,230	30,210
- Kien Giang Branch construction	28,188	12,840

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)**

14. Other assets (continued)

(b) Accrued interest and fee receivables

	31/12/2012	31/12/2011
	VND million	VND million
From loans and advances to customers	1,026,638	1,372,882
From balances with and loans to other credit institutions	304,060	296,531
From investment securities	2,013,818	1,702,995
From currency swap transactions	92,097	6,522
	3,436,613	3,378,930

(c) Other assets

	31/12/2012	31/12/2011
	VND million	VND million
Prepaid expenses for office and fixed assets rental	156,285	171,191
Materials	53,582	60,300
Receivables relating to card transactions	399,116	149,550
Other assets	198,673	40,886
	807,656	421,927

15. Amounts due to the Government and the State Bank of Vietnam

	31/12/2012	31/12/2011
	VND million	VND million
Borrowings from the SBV	375,229	7,312,479
Other borrowings	375,229	7,312,479
Others	24,431,204	31,553,755
Deposits from the State Treasury	23,695,375	20,238,318
Deposits from the SBV	735,829	11,315,437
	24,806,433	38,866,234

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

16. Deposits and borrowings from other credit institutions

	31/12/2012 VND million	31/12/2011 VND million
Deposits	16,963,858	22,725,480
Demand deposits in VND	1,880,690	2,159,960
Demand deposits in foreign currencies	15,062,028	14,861,862
Term deposits in VND	-	2,761,200
Term deposits in foreign currencies	21,140	2,942,458
Borrowings	17,102,494	25,236,895
Borrowings in VND	4,060,000	5,300,000
Borrowings in foreign currencies	13,042,494	19,936,895
	34,066,352	47,962,375

17. Deposits from customers

	31/12/2012 VND million	31/12/2011 VND million
Demand deposits	67,119,454	55,075,184
Demand deposits in VND	44,977,923	34,647,030
Demand deposits in gold, foreign currencies	22,141,531	20,428,154
Term deposits	214,121,778	165,959,270
Term deposits in VND	164,554,989	118,329,628
Term deposits in gold, foreign currencies	49,566,789	47,629,642
Deposits for specific purposes	2,252,301	4,781,649
Margin deposits	921,035	1,200,751
	284,414,568	227,016,854

Deposits from customers by type of customers were as follows:

	31/12/2012 VND million	31/12/2011 VND million
Economic entities	122,334,631	105,430,066
Individuals	162,079,937	121,586,788
	284,414,568	227,016,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

18. Derivatives and other financial liabilities

	31/12/2012		31/12/2011	
	Contract notional value VND million	Book value VND million	Contract notional value VND million	Book value VND million
Derivatives				
Currency swap contracts	11,506,397	(30,749)	2,678,869	28,760
Forward contracts	17,968,332	36,210	1,564,226	(17,286)
	<u>29,474,729</u>	<u>5,461</u>	<u>4,243,095</u>	<u>11,474</u>
Other financial liabilities				

19. Valuable papers issued

	31/12/2012 VND million	31/12/2011 VND million
Certificates of deposit	20,329	42,600
Short-term in VND	-	44
Short-term in foreign currencies	283	346
Medium-term in VND	2,805	4,068
Medium-term in foreign currencies	17,241	38,142
Bond and bills	2,007,238	2,028,783
Short-term in VND	232	254
Short-term in foreign currencies	716	798
Medium-term in VND	2,006,278	2,015,820
Medium-term in foreign currencies	12	11,911
	<u>2,027,567</u>	<u>2,071,383</u>

20. Other liabilities

(a) Accrued interest and fee payables

	31/12/2012 VND million	31/12/2011 VND million
For deposits from customers	3,134,230	2,603,418
For deposits and borrowings from other credit institutions	268,475	282,471
For valuable papers issued	2,630	5,064
For derivative transactions	49,555	58,390
	<u>3,454,890</u>	<u>2,949,343</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

20. Other liabilities (continued)

(b) Other liabilities

	31/12/2012 VND million	31/12/2011 VND million
Internal payables (i)	1,652,752	1,453,021
External payables (ii)	21,711,517	16,704,961
	23,364,269	18,157,982

(i) Internal payables

	31/12/2012 VND million	31/12/2011 VND million
Payables to employees	765,053	646,589
Bonus and welfare funds	770,476	594,678
Other liabilities	117,223	211,754
	1,652,752	1,453,021

(ii) External payables

	31/12/2012 VND million	31/12/2011 VND million
Tax payables (Note 33)	307,256	457,647
- Corporate Income Tax payables	210,304	366,527
- Value Added Tax payables	53,977	22,393
- Other tax payables	42,975	68,727
Interest income received in advance pending for allocation	590,597	46,840
Payables for construction and acquisition of fixed assets	427,006	306,104
Payables for securities investors	18,191	12,999
Deposit in custody relating to pending payments	1,167,242	2,096,486
Other payables to customers	866,972	460,874
Other pending items in settlement	63,315	-
Pending remittance	-	28,146
Other payables to the State relating to interest subsidy program	63,549	62,713
Provision for severance allowance	-	17,490
Placement of investors for securities transactions	388,991	311,393
Fund received from other entities	17,500,000	12,600,000
Other payables	318,398	304,269
	21,711,517	16,704,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

20. Other liabilities (continued)

(c) Provision for contingent liabilities and off-balance sheet commitments

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Opening balance (Reversed) during the year (Note 30)	897,915 (320,967)	1,009,201 (111,286)
Closing balance	576,948	897,915

Joint Stock Commercial Bank for Foreign Trade of Vietnam

Form B05/TCTD-HN
(Issued in accordance with Decision
No. 16/2007/QĐ-NHNN dated 18 April
2007 of the Governor of the SBY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

21. Capital and reserves

(a) Statement of changes in equity

	Chartered capital	Share premium	Other capital	Reserves			Asset revaluation difference	Foreign exchange difference	Retained profits	Total
				Supplement capital	Financial risk	Investment and development fund				
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance as at 1/1/2012	19,698,045	995,952	45,160	674,365	1,384,434	57,812	70,442	191,020	5,521,466	28,638,696
Net profit for the year	-	-	-	-	-	-	-	-	4,403,706	4,403,706
Increase in capital from issuance of shares to foreign strategic shareholder (Mizuho Corporate Bank, Ltd., Japan)	3,476,126	-	-	-	-	-	-	-	-	3,476,126
Increase in share premium from the issuance of shares to foreign strategic shareholder (Mizuho Corporate Bank, Ltd., Japan)	-	8,342,702	-	-	-	-	-	-	-	8,342,702
Derived expenses directly related to the issuance of shares to foreign strategic shareholder (Mizuho Corporate Bank, Ltd., Japan)	-	(137,257)	-	-	-	-	-	-	-	(137,257)
Adjustment of State Audit in retained profit of the previous years	-	-	-	3,363	6,725	-	(6,559)	-	(25,043)	(21,514)
Reserved temporarily appropriated from retained profit of 2012	-	-	-	217,870	440,658	10,237	-	-	(1,317,305)	(648,540)
Dividends of 2011 paid in cash during the year	-	-	-	-	-	-	-	-	(2,363,765)	(2,363,765)
Additional Value Added Tax and Corporate Income Tax of revenue of the year	-	-	-	-	-	-	-	-	(66,262)	(66,262)
Additional Corporate Income Tax for the year	-	-	-	-	-	-	-	-	(6,881)	(6,881)
2011 under tax inspection minute	-	-	-	-	(1,584)	-	-	-	(1,489)	(3,073)
Utilization during the year	-	-	-	-	-	-	8,917	-	-	8,917
Gain from asset revaluation	-	-	-	-	-	-	-	(69,792)	-	(69,792)
Exchange rate difference	-	-	-	-	-	-	-	-	-	-
Balance as at 31/12/2012	23,174,171	9,201,397	45,160	895,598	1,830,233	68,049	72,800	121,228	6,144,427	41,553,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

21. Capital and reserves (continued)

(b) Details of shareholders of the Bank

	31/12/2012 VND million	31/12/2011 VND million
Ordinary shares		
State	17,870,231	17,870,231
Strategic shareholder (Mizuho Corporate Bank, Ltd., Japan)	3,476,126	-
Other shareholders	1,827,814	1,827,814
	23,174,171	19,698,045

The Bank's authorized and issued share capital is:

	31/12/2012		31/12/2011	
	Number of shares	VND million	Number of shares	VND million
Authorized share capital	2,317,417,076	23,174,171	1,969,804,514	19,698,045
Issued share capital				
Ordinary shares	2,317,417,076	23,174,171	1,969,804,514	19,698,045
Shares outstanding				
Ordinary shares	2,317,417,076	23,174,171	1,969,804,514	19,698,045

The par value of each ordinary share is VND10,000.

On 09 January 2012, the Bank increased chartered capital from VND million 19,698,045 to VND million 23,174,171.

(c) Basic earnings per share

(i) Profit attributable to the shareholders of Vietcombank to calculate basic earning per share

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Net profit after tax	4,403,706	4,196,811
Appropriation to bonus and welfare funds	(648,540)	(673,011)
	3,755,166	3,523,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

21. Capital and reserves (continued)

(c) Basic earnings per share (continued)

(ii) Weighted average number of ordinary shares

	Year ended 31/12/2012	Year ended 31/12/2011
Shares issued at 31/12/2011	1,969,804,514	1,322,371,452
Shares issued at 31/12/2012	2,317,417,076	647,433,062
	<hr/>	<hr/>
Weighted average number of ordinary shares	2,309,798,171	1,969,804,514

(iii) Basic earnings per share

	Year ended 31/12/2012 VND	Year ended 31/12/2011 VND
Basic earnings per share	1,626	1,789
	<hr/>	<hr/>

22. Interest and similar income

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Interest income from loans and advances to customers	26,685,869	24,757,888
Interest income from balances with and loans to other credit institutions	777,758	4,888,915
Interest income from trading and investment debt securities	4,072,515	3,473,803
- <i>Interest income from investment securities</i>	4,072,515	3,473,803
Interest income from financial lease	193,897	203,272
Other income from credit activities	16,958	30,855
	<hr/>	<hr/>
	31,746,997	33,354,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

23. Interest and similar expenses

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million (restated)
Interest expenses on deposits	(17,619,016)	(18,519,435)
Interest expenses on borrowings	(2,904,218)	(2,125,644)
Interest expenses on valuable papers issued	(241,755)	(266,265)
Others expenses on credit activities	(27,915)	(21,709)
	(20,792,904)	(20,933,053)

24. Net fee and commission income

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Fee and commission income		
Settlement services	1,176,859	1,143,190
Cash services	122,412	130,306
Guarantee services	219,677	218,873
Trusted and agency activities	2,384	2,948
Other services	729,206	702,716
	2,250,538	2,198,033
Fee and commission expenses		
Settlement services	(677,293)	(555,728)
Cash services	(13,141)	(20,572)
Telecommunication services	(50,831)	(44,711)
Trusted and agency activities	(1,176)	(862)
Other services	(119,498)	(66,427)
	(861,939)	(688,300)
	1,388,599	1,509,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

25. Net gain from trading foreign currencies

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Gains from trading gold, foreign currencies		
From foreign currencies spot trading	2,855,304	5,543,292
From currency derivatives	500,330	531,215
From gold trading	65,437	-
From revaluating gold	-	17,902
From revaluating trading foreign currencies	811	14,063
	3,421,882	6,106,472
Losses from trading foreign currencies		
From foreign currencies spot trading	(1,299,385)	(4,270,313)
From currency derivatives	(449,987)	(647,775)
From foreign exchange rate differences	(184,759)	-
From revaluating trading foreign currencies	-	(8,800)
	(1,934,131)	(4,926,888)
	1,487,751	1,179,584



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

26. Net gain from investment securities

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Income from trading of investment securities	160,371	63,923
Cost of trading of investment securities	(6,818)	(18,061)
Allowance for diminution in the value of available-for-sale securities reserved /(made) during the year (Note 10(a))	44,707	(6,619)
Allowance for diminution in the value of held-to-maturity securities reversed/(made) during the year (Note 10(b))	9,371	(15,231)
	207,631	24,012

27. Net other income/(expenses)

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Other income		
Income from interest rate swap transactions	1,238	-
Income from loans previously written off	369,844	220,106
Income from allowance reversed for diminution in the value of other long-term investments (Note 11(c))	170,688	-
Income from other activities	115,483	135,383
	657,253	355,489
Other expenses		
Expenses from interest rate swap transactions	(101,379)	(124,694)
Expenses from investment trust agreements	-	(1,487,091)
Other expenses	(30,776)	(4,620)
	(132,155)	(1,616,405)
	525,098	(1,260,916)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

28. Net income from investment in associates and joint-ventures

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Dividends received from equity investments during the year	384,574	142,887
- <i>Dividends received from equity investments</i>	384,502	142,279
- <i>Dividends received from trading securities</i>	72	608
Share of net profit/(loss) of investments in joint-ventures and associates come from consolidation	12,956	14,622
Income from other activities	71,053	-
Income from disposal of equity investments	-	845,065
	468,583	1,002,574

29. Operating expenses

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
Tax, duties and fees	(184,223)	(282,292)
Salaries and related expenses	(3,353,516)	(3,188,514)
<i>Of which:</i>		
- <i>Salary and allowance</i>	(2,717,467)	(2,768,771)
- <i>Additional expenses based on salary</i>	(422,896)	(291,621)
- <i>Other allowances</i>	(331)	(8,656)
- <i>Social activities expenses</i>	(208,322)	(119,466)
Expenses on assets	(1,258,784)	(1,091,815)
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	(577,274)	(478,166)
Administrative expenses	(1,056,394)	(992,354)
Insurance expenses on deposit of customers	(136,281)	(86,383)
Allowance for diminution in the value of other long-term investments made during the year	-	(52,027)
Others	(26,438)	(6,452)
	(6,015,636)	(5,699,837)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

30. Provisions and allowances for credit losses

	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
General allowance for loans to other credit institutions (Provided) during the year (Note 6)	(35,511)	(13,414)
Specific allowance for loans to other credit institutions (Provided)/ Reversed during the year (Note 6)	(66,816)	4,490
General allowance for loans and advances to customers (Provided) during the year (Note 9)	(270,334)	(168,850)
Specific allowance for loans and advances to customers (Provided) during the year (Note 9)	(3,277,270)	(3,407,041)
Provision for contingent liabilities and off-balance sheet commitments Reversed during the year (Note 20(c))	320,967	111,286
	(3,328,964)	(3,473,529)

31. Corporate income tax

	Year ended 31/12/2012 VND million
Profit before tax	5,763,898
<i>Adjustments:</i>	
Subsidiaries' taxable income	(228,438)
Dividend received in the year (Note 28)	(384,574)
Net gain from investments in joint ventures and associates (Note 28)	(12,956)
Non-deductible expense come from consolidation	(40,269)
Non-deductible tax expenses	4,811
	5,102,472
Taxable income	
Effective corporate income tax rate	25%
Estimated corporate income tax of the Bank (tax rate: 25%)	(1,275,618)
Estimated corporate income tax of subsidiaries (tax rate: 25%)	(59,644)
Estimated corporate income tax of subsidiaries (tax rate: 16.5%)	(1,429)
	(1,336,691)
Current Corporate income tax	

Corporate income tax rate applied for Vietcombank is 25% of taxable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

32. Cash and cash equivalents

	31/12/2012 VND million	31/12/2011 VND million Restated (*)
Cash on hand, gold, silver and gemstones	5,627,307	5,393,766
Balances with the SBV	15,732,095	10,616,759
Balances with and loans to other credit institutions due within three months	60,663,590	102,113,431
Trading securities	521,239	825,372
Investment securities due within three months	38,163,616	6,581,062
	120,707,847	125,530,390

(*) The figures are restated due to the addition of "Trading securities" into "Cash and cash equivalents".

33. Obligations to State Budget

	Balance as at 1/1/2012 VND million	Occurrence		Balance as at 31/12/2012		
		Payable VND million	Paid VND million	Payable VND million	Prepaid VND million	Total VND million
Value added tax	18,120	197,556	164,036	53,977	(2,337)	51,640
Current corporate income tax	362,608	1,343,677	1,498,166	210,304	(2,185)	208,119
<i>Of which:</i>						
- Corporate income tax of the Bank	364,552	1,336,691	1,493,072	210,304	(2,133)	208,171
- Additional corporate income tax for the year 2011 under tax inspection minute	(1,889)	6,983	5,094	-	-	-
- Vinafico's tax obligation in the year 2008 paid to State Budget	(55)	3	-	-	(52)	(52)
Deferred corporate income tax	-	53,607	-	53,607	-	53,607
Other taxes	68,727	377,613	403,426	42,975	(61)	42,914
	449,455	1,972,453	2,065,628	360,863	(4,583)	356,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 December 2012 (continued)

34. Employee benefits

	Year ended 31/12/2012	Year ended 31/12/2011
Total number of employees (person)	<u>13,637</u>	<u>12,565</u>
Employees' income		
Total salary and allowance (VND million) (Note 29)	2,717,467	2,768,771
Monthly average income (VND million)	<u>16.61</u>	<u>18.36</u>

35. Contingent liabilities and other commitments

In the normal course of business, Vietcombank is a party to financial instruments which are recorded as separate off-balance sheet items. These financial instruments mainly comprise of financial guarantees and letters of credit. These instruments involve elements of credit risk in excess of the amounts recognized in the separate 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 Vietcombank to guarantee the performance of a customer to a third party including guarantees 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 other customers.

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

Deferred payment 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 payment letters of credit that were defaulted by clients are recognized by Vietcombank as granting of a compulsory loan with a corresponding liability representing the financial obligation of Vietcombank to pay the beneficiaries and to fulfill the guarantor obligation.

Vietcombank 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 Vietcombank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

36. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	Year ended 31/12/2012 VND million	Year ended 31/12/2011 VND million
The State Bank of Vietnam	Shareholder		
Interest income from deposits with the SBV		56,693	49,834
Interest expenses on deposits and borrowings from the SBV		200,863	664,542
The Ministry of Finance	Shareholder		
Interest income from loans to the MoF		120,998	135,349
Interest expenses on deposits from the MoF		39,056	19,236
Interest expenses on borrowings from the MoF		682	-

(b) Significant balances with related parties

	Relationship	31/12/2012 VND million	31/12/2011 VND million
The State Bank of Vietnam	Shareholder		
Deposits with the SBV		15,732,059	10,635,584
Deposits and Borrowings from the SBV		1,111,058	18,627,916
The Ministry of Finance	Shareholder		
Loans to MoF		2,180,529	2,831,673
Deposits from MoF		23,695,375	20,238,318
Borrowings from MoF		37,781	-
Vietcombank Fund Management Joint Venture Company	Joint-venture		
Trusted investments to VCB Fund		515,711	592,007

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

37. Segment reporting

(a) Geographical segment

	The North	The Middle and Tay Nguyen	The South	Overseas	Elimination	Total
	VND million	VND million	VND million	VND million	VND million	VND million
1 Interest and similar income	26,575,634	6,055,463	17,231,226	21,148	(18,136,474)	31,746,997
2 Interest and similar expenses	(23,817,283)	(4,234,690)	(10,874,148)	(3,257)	18,136,474	(20,792,904)
I Net interest income	2,758,351	1,820,773	6,357,078	17,891	-	10,954,093
3 Fee and commission income	1,476,597	142,247	715,643	5,362	(89,311)	2,250,538
4 Fee and commission expenses	(816,408)	(12,460)	(33,844)	(175)	948	(861,939)
II Net fee and commission income	660,189	129,787	681,799	5,187	(88,363)	1,388,599
III Net gain from trading foreign currencies	1,175,489	65,600	247,210	(548)	-	1,487,751
IV Net gain from trading securities	76,742	-	-	-	-	76,742
V Net gain from investment securities	207,631	-	-	-	-	207,631
5 Other income	154,354	185,228	316,946	725	-	657,253
6 Other expenses	(127,609)	(455)	(120)	(3,971)	-	(132,155)
VI Net other income	26,745	184,773	316,826	(3,246)	-	525,098
VII Net income from investments in associates and joint-ventures	468,583	-	-	-	-	468,583
VIII Operating expenses	(3,380,311)	(713,653)	(1,978,772)	(31,263)	88,363	(6,015,636)
IX Profit before provisions and allowances for credit losses	1,993,419	1,487,280	5,624,141	(11,979)	-	9,092,861
X Provisions and allowances for credit losses	(1,859,227)	(406,523)	(1,063,142)	(72)	-	(3,328,964)
XI Profit before tax	134,192	1,080,757	4,560,999	(12,051)	-	5,763,897
7 Current Corporate income tax expenses	128,859	(272,851)	(1,191,270)	(1,429)	-	(1,336,691)
XII Current Corporate income tax expenses	128,859	(272,851)	(1,191,270)	(1,429)	-	(1,336,691)
XIII Profit after tax	263,051	807,906	3,369,729	(13,480)	-	4,427,206

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for the year ended 31 December 2012 (continued)

37. Segment reporting (continued)

(b) Business segment

	Banking services VND million	Non-bank financial services VND million	Securities VND million	Others VND million	Elimination VND million	Total VND million
1 Interest and similar income	49,512,040	238,405	82,346	50,680	(18,136,474)	31,746,997
2 Interest and similar expenses	(38,830,274)	(98,301)	(803)	-	18,136,474	(20,792,904)
I Net interest income	10,681,766	140,104	81,543	50,680	-	10,954,093
3 Fee and commission income	2,130,069	3,876	80,933	124,971	(89,311)	2,250,538
4 Fee and commission expenses	(828,777)	(175)	(33,935)	-	948	(861,939)
II Net fee and commission income	1,301,292	3,701	46,998	124,971	(88,363)	1,388,599
III Net gain from trading foreign currencies	1,488,308	(553)	-	(4)	-	1,487,751
IV Net gain from trading securities	75,968	-	774	-	-	76,742
V Net gain from investment securities	226,679	-	(19,048)	-	-	207,631
5 Other income	643,341	8,547	4,993	372	-	657,253
6 Other expenses	(127,975)	(4,180)	-	-	-	(132,155)
VI Net other income	515,366	4,367	4,993	372	-	525,098
VII Net income from investments in associates and joint-ventures	464,901	-	3,682	-	-	468,583
VIII Operating expenses	(5,902,979)	(62,939)	(69,438)	(68,643)	88,363	(6,015,636)
IX Profit before provisions and allowances for credit losses	8,851,301	84,680	49,504	107,376	-	9,092,861
X Provisions and allowances for credit losses	(3,314,996)	(13,968)	-	-	-	(3,328,964)
XI Profit before tax	5,536,305	70,712	49,504	107,376	-	5,763,897
7 Current Corporate income tax expenses	(1,275,618)	(17,419)	(11,479)	(32,175)	-	(1,336,691)
XII Current Corporate income tax expenses	(1,275,618)	(17,419)	(11,479)	(32,175)	-	(1,336,691)
XIII Net profit after tax	4,260,687	53,293	38,025	75,201	-	4,427,206

38. Disclosure of financial instruments

(a) Disclosure of collaterals

Vietcombank does not hold collaterals which it is permitted to sell or re-pledge in the absence of default by the owners of the collaterals.

(b) Disclosure of fair value

Circular 210/2009/TT-BTC requires Vietcombank to disclose the measurement method and related information of fair value of financial assets and financial liabilities for the purpose of comparing their book value and fair value.

The following table presents book value and fair value of Vietcombank's financial assets and liabilities as at 31 December 2012:

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38. Disclosure of financial instruments (continued)

(b) Disclosure of fair value (continued)

	Held for trading	Book value				Fair value
		Held- to maturity	Loans and receivables	Available- for-sale	Recognized at amortized cost	
	VND million	VND million	VND million	VND million	VND million	VND million
Financial assets						
I	5,627,307	-	-	-	-	5,627,307
II	15,732,095	-	-	-	-	15,732,095
III	-	-	65,829,599	-	-	65,829,599
IV	521,239	-	-	-	-	521,239
VI	-	-	241,162,675	-	-	241,162,675
VII	-	4,843,173	-	73,945,195	-	78,788,368
VIII	-	2,324,794	-	-	-	2,324,794
X	-	-	4,304,267	-	-	4,304,267
	21,880,641	7,167,967	311,296,541	73,945,195	-	414,290,344

Financial liabilities						
I	-	-	-	-	58,872,785	58,872,785
II	-	-	-	-	284,414,568	284,414,568
III	5,461	-	-	-	5,461	5,461
V	-	-	-	2,027,567	-	2,027,567
VI	-	-	-	23,521,738	-	23,521,738
	5,461	-	-	-	368,836,658	368,842,119

(*) Due to having not enough information for using valuation techniques, fair value of the financial assets and liabilities that do not have quoted market prices are deemed to be not reliably measured and therefore not disclosed.

38. Disclosure of financial instruments (continued)

(c) Risk management policy for financial instruments

The Board of Directors has responsibility for Vietcombank's overall financial risk management framework to facilitate its business activities to thrive safely and sustainably.

Having taken that responsibility, the Board of Directors appropriately promulgates risk management policies and strategies for each period, establishes secured business limit, directly approves high-value business transactions in accordance with both legal and internal requirements, and determines organizational structure and key personnel positions.

Risk management strategies and policies are adhered to Vietcombank's charter and General Shareholders' Meeting resolution.

The Risk Management Committee was established by the Board of Directors to assist the Board of Directors in managing all risks that may arise from Vietcombank's day-to-day business.

The Asset and Liability Credit and Operational Risk Committee (ALCO) was established and chaired by Chief Executive Officer. ALCO members are key personnel of Vietcombank being in-charge of risk management.

ALCO is responsible for comprehensively monitoring assets and liabilities in the separate and consolidated balance sheet of Vietcombank in order to maximize profit while minimizing losses arisen from negative market trends, manage liquidity risk and appropriately direct interest and foreign exchange rate schemes.

In its authorized segregation, ALCO has the right to make decisions regarding risk management.

(i) Credit risk

Vietcombank is under exposure to credit risk, where a counterparty's default on its obligations will cause a financial loss for Vietcombank by failing to fulfill an obligation on time. Credit exposures arise mainly in lending activities relating to loans and advances to customers and investments in debt securities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management and control are performed through issuance of related policies and procedures, including credit risk management policies, establishment of Credit Risk Management Committee and Credit Committee.

Vietcombank classifies loans and advances to customers and other credit institutions in accordance with Decision 493 and Decision 18 (Note 2(g)) and regularly assesses credit risks of non-performing loans in order to have appropriate resolutions.

In order to manage credit risks, Vietcombank has established policies and procedures relating to credit management; established credit manuals; performed credit risk assessment; set up credit rating systems and loan classification and decentralized authorization in credit activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

38. Disclosure of financial instruments (continued)

(c) Risk management policy for financial instruments (continued)

(i) Credit risk (continued)

Vietcombank's maximum exposure amounts to credit risk as at 31 December 2012, excluding collaterals and credit risk mitigations as follows:

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and fully made allowance VND million	Total VND million
Balances with and loans to other credit institutions – gross	65,733,373	-	96,226	65,829,599
Balances with other credit institutions	60,536,084	-	-	60,536,084
Loans to other credit institutions	5,197,289	-	96,226	5,293,515
Loans and advances to customers – gross	203,713,566	1,324,697	36,124,412	241,162,675
Investment securities – gross	78,435,427	-	352,941	78,788,368
Available-for-sale securities	73,592,254	-	352,941	73,945,195
Held-to-maturity securities	4,843,173	-	-	4,843,173
Other assets	4,304,267	-	-	4,304,267
	352,186,633	1,324,697	36,573,579	390,084,909

Description of types and book value of collateral assets held by Vietcombank as at 31 December 2012 are as follows:

	VND million
Deposits	22,286,306
Valuable papers issued	2,032,876
Real estates	180,399,486
Others	100,659,358
	305,378,026

38. Disclosure of financial instruments (continued)

(c) Risk management policy for financial instruments (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will unexpectedly fluctuate due to changes in market interest rates.

The real interest rate adjustment term is the remaining time starting from the date of the financial statements to the latest interest rate adjustment term of the items on the balance sheet.

The following assumptions and conditions have been adopted in the analysis of real interest rate adjustment term of Vietcombank's items on the balance sheet.

- Cash, gold and gemstones, long-term investments, and other assets (fixed assets, investment properties and other assets included) are classified as non-interest bearing items.
- The real interest rate adjustment term of trading securities and investments securities shall be subject to issuer's terms and conditions on interest rate of securities.
- The real interest adjustment term of balances with and loans to other credit institutions, loans to customers, amounts due to the Government and the State Bank of Vietnam, deposits and borrowings from other credit institutions and deposits from customers are identified as follows:
 - Items with fixed interest rate during the contractual term: the real interest adjustment term is based on the contractual maturity date subsequent to the balance sheet date.
 - Items with floating interest rate: the real interest adjustment term is based on the latest adjustment term subsequent to the balance sheet date.
- The real interest adjustment term of valuable papers issued is based on valuable papers' maturities and the Bank's interest rate for each issuance.
- The real interest adjustment term of other borrowed funds is from one to five years.
- The real interest adjustment term of other liabilities is from one to three months. In fact, these items can be subject to different interest adjustment term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

38. Disclosure of financial instruments (continued)

(c) Risk management policy for financial instruments (continued)

	Overdue VND million	Free of interest VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
I	-	5,627,307	-	-	-	-	-	-	5,627,307
II	-	-	15,732,095	-	-	-	-	-	15,732,095
III	-	-	58,814,482	2,476,291	4,445,100	93,726	-	-	65,829,599
IV	-	-	11,569	-	-	-	509,670	-	521,239
VI	11,047,920	-	79,858,583	89,718,770	46,795,394	10,484,821	3,063,400	193,787	241,162,675
VII	200,000	229,440	23,054,849	14,879,327	10,743,170	3,896,827	21,298,704	4,486,051	78,788,368
VIII	-	3,058,026	-	-	-	-	-	-	3,058,026
IX	-	3,659,582	-	-	-	-	-	-	3,659,582
X	-	5,810,418	-	-	-	-	-	-	5,810,418
Total assets	11,247,920	18,384,773	177,471,578	107,074,388	61,983,664	14,475,374	24,871,774	4,679,838	420,189,309
Liabilities									
I	-	-	43,829,180	5,050,228	6,893,684	1,099,434	2,000,259	-	58,872,785
II	-	13,965	189,246,005	45,688,668	19,287,038	25,339,478	4,835,211	4,203	284,414,568
III	-	-	-	-	5,461	-	-	-	5,461
V	-	-	14,358	239	-	12,970	-	2,000,000	2,027,567
VI	-	9,899,714	10,500,000	5,700,000	1,350,000	-	-	-	27,449,714
Total liabilities	-	9,913,679	243,589,543	56,439,135	27,536,183	26,451,882	6,835,470	2,004,203	372,770,095
Interest sensitivity gap	11,247,920	8,471,094	(66,117,965)	50,635,253	34,447,481	(11,976,508)	18,036,304	2,675,635	47,419,214
Cumulative interest sensitivity gap	11,247,920	19,719,014	(46,398,951)	4,236,302	38,683,783	26,707,275	44,743,579	47,419,214	

38. Disclosure of financial instruments (continued)

(c) Risk management policy for financial instruments (continued)

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam, with VND as its reporting currency. The major currency in which the Bank transacts is VND. The Bank's loans and advances were mainly denominated in VND with the remainder mainly in USD. Some of the Bank's other assets are in currencies other than the reporting currency and USD. The Bank's management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

38. Disclosure of financial instruments (continued)

(c) Risk management policy for financial instruments (continued)

(iv) Liquidity risk

Liquidity risk occurs when Vietcombank fails to fulfill its financial commitments with customers or counterparties due to unavailability of funds or liquidity.

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

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

- Balances with the SBV are considered as current accounts including the compulsory deposits.
- The maturity of investment securities is based on redemption dates of each securities established by the issuers 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 the original contractual term when the contract is extended.
- 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 their contractual agreements. For example, Vostro accounts and current accounts paid upon customers' demand are considered to be current, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

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No. 16/2007/QĐ-NHNN dated 18 April 2007
of the Governor of the SBV)

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for the year ended 31 December 2012 (continued)

38. Disclosure of financial instruments (continued)

(c) Risk management policy for financial instruments (continued)

(iv) Liquidity risk

	Overdue over 3 months VND million	Overdue up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets								
I	-	-	5,627,307	-	-	-	-	5,627,307
II	-	-	15,732,095	-	-	-	-	15,732,095
III	-	-	-	2,104,585	923,025	4,242,984	-	65,829,599
IV	-	-	58,559,005	-	-	-	-	521,239
VI	6,349,626	4,698,294	20,572,768	51,455,043	93,200,622	46,756,049	18,130,273	241,162,675
VII	200,000	-	23,284,289	14,879,327	14,639,996	21,298,704	4,486,052	78,788,368
VIII	-	-	-	-	-	-	3,058,026	3,058,026
IX	-	-	-	-	-	2,493,253	1,166,329	3,659,582
X	-	-	77,021	5,733,397	-	-	-	5,810,418
Total assets	6,549,626	4,698,294	124,373,724	74,172,352	108,763,643	74,790,990	26,840,680	420,189,309
Liabilities								
I	-	-	42,490,269	1,395,716	3,469,322	9,354,608	2,162,870	58,872,785
II	-	-	136,191,153	63,356,603	65,830,056	11,965,596	7,071,160	284,414,568
III	-	-	-	-	5,461	-	-	5,461
V	-	-	14,358	239	12,970	-	2,000,000	2,027,567
VI	-	-	10,539,851	15,559,863	1,350,000	-	-	27,449,714
Total liabilities	-	-	189,235,631	80,312,421	70,667,809	21,320,204	11,234,030	372,770,095
Net liquidity gap	6,549,626	4,698,294	(64,861,907)	(6,140,069)	38,095,834	53,470,786	15,606,650	47,419,214

39. Subsequent events

On 08 February 2013, Vietcombank has informed the final list of its shareholders eligible for advance of dividends of 2012 in cash with the pay-out ratio of 12% which is equivalent to VND1,200/share. Accordingly, the last day for registering is 28 February 2013 and the payment will be made on 28 March 2013.

40. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Management on 15 March 2013.

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Mr. Nguyen Danh Luong

*Deputy Director of
Accounting Policy Department*

Chief Accountant

Deputy CEO