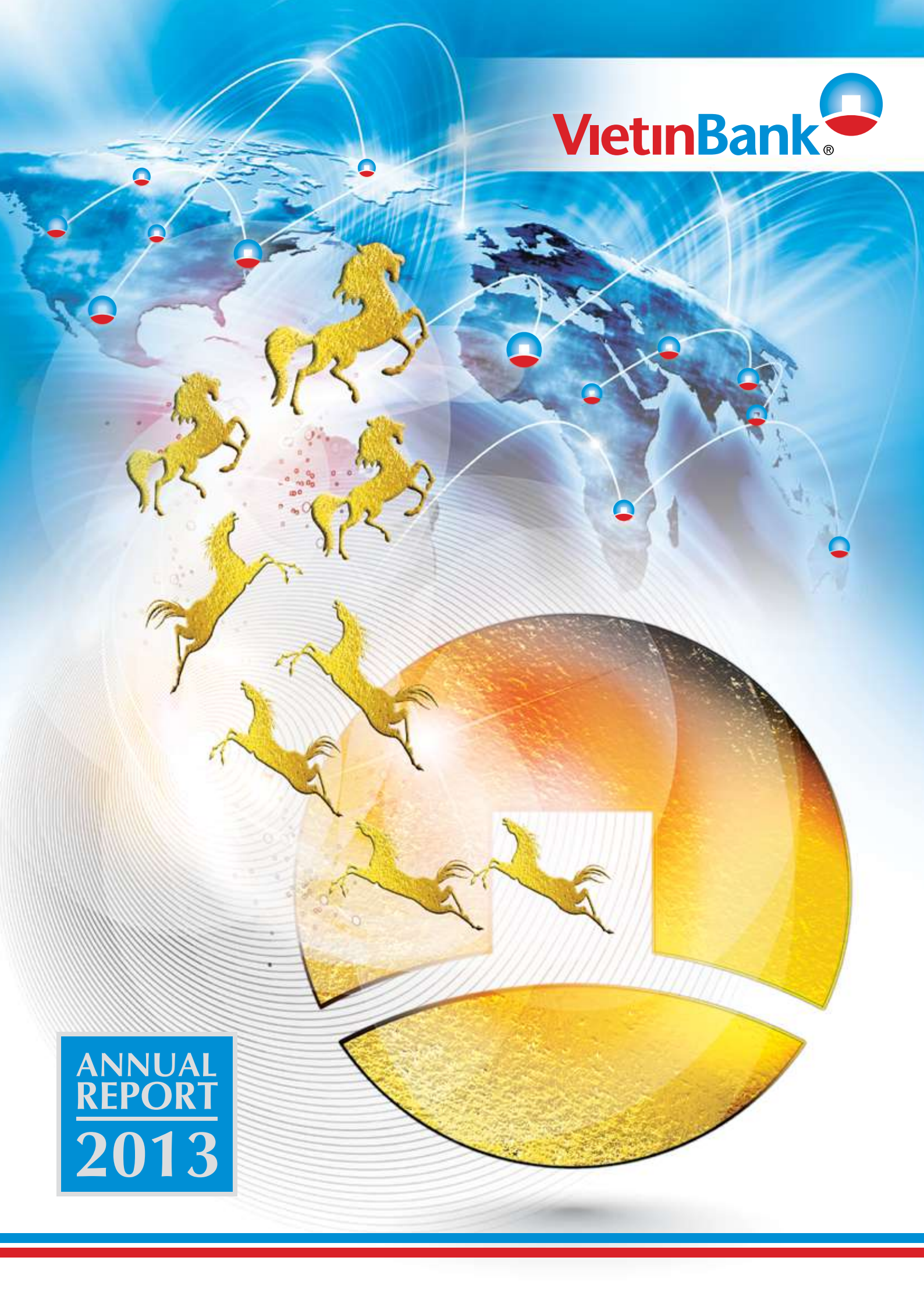




**ANNUAL
REPORT
2013**



Unity

Responsibility

Reform



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Message to Shareholders from the Chairman 2013

Dear Shareholders,

In 2013, the world economy showed signs of recovery characterized by relatively stable and less volatile global financial markets. Domestic interest rate ceiling was kept low and macro-economics in general was stable, well-balanced and inflation rate stood at 6.6%, lower than the rate of 6.81% in the previous year. Vietnam's 2013 GDP rose by 5.42%, higher than the growth rate of 5.25% in 2012. However, low aggregate demand coupled with relatively high NPLs ratio formed such a challenging operating environment for many local enterprises. A large number of companies failed to conduct profitable businesses and were forced to cease their productions, resulting in banks' initiatives in significant cost reduction and further trimming of lending rates. On top of that, thousands of billions dong were spent on different preferential credit packages and programs to continually support local enterprises to recover and enhance their businesses in the hope of contributing to the country's socio-economy development.

Despite the difficult operating environment, VietinBank management and staff made exceptional efforts to overcome obstacles and successfully fulfilled targeted missions. Maintaining our pivotal roles as the largest commercial bank with majority government ownership and the backbone of Vietnam's banking sector, we have been enhancing our financial strength and safe business development towards international standards. VietinBank is the pioneer in each implementation of guidelines and policies set by the Party, the Government and the State Bank of Vietnam. In 2013, we achieved record earnings through business growth and effective risk management, asserted the Board

and Management's capacity and our quality in the domestic and international market.

As of financial year-end 2013, our impressive results were driven by increasing growth momentum together with secure and efficient operations: Our total assets which grew by 14.5% to VND 576.4 trillion, reached 108% of target set at the Annual General Meeting of Shareholders. Profit before tax rose to VND 7.751 trillion, equivalent to 103% of the targeted plan. Total mobilized capital rose 11.2% compared to that of 2012, of which total investment and economic lending increased by 14.7%. The non-performing loan (NPLs) ratio is significantly improved to 0.82% from 1.46% one year ago. Return on assets and equity stood at 1.4% and 13.7% respectively. Corporate contribution to the government budget was VND 4 trillion; expected payout dividend ratio is 10%. These results are driven by robust growth in asset quality and solid risk management despite unfavorable economic conditions in recent years.

With the success of raising charter capital to more than VND 37 trillion, our total equity value is now more than VND 54 trillion and that made us the largest capitalized bank in Vietnam. In addition to this year's financial performance, we are proud to report that we undertook a complete restructuring process, equipped with innovative technology applications; we hope to transform the existing organizational structure with a centralized management for each service group and customer segment, creating in-depth specialization, further enhancing productivity and business operation efficiency as well as management capacity and risk management.

In 2013, VietinBank's investment and lending activities focused on overcoming challenging obstacles in order to better serve the needs of local enterprises. We provided credit facilities to key national projects from different economic sectors such as electricity, petroleum, coal and minerals, cement, rubber and steel production, etc. We supported small and medium enterprises in their trading activities while preferential lending packages and programs were directed to various industrial park projects and economic zone plans. Our agricultural financing programs with low interest rates are designed to be easily accessed by smallholder farmers in rural areas. These credit facilities give incentives to contribute to the socio-economic growth and macroeconomic stability may also be seen as an important complement to inflation control and to the implementation of social security schemes.

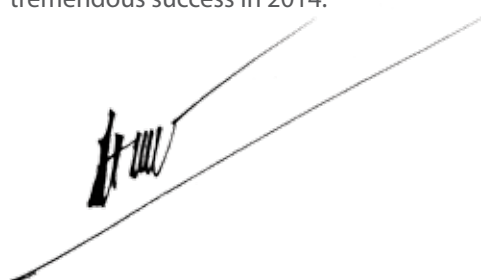
In addition to this year's financial performance, we are proud to be the only Vietnamese bank to have been named as one of the World's Top 2000 Public Enterprises and Top 500 Prestige Banking brands by Forbes Magazine, Top 10 world banks with highest brands' value accumulation of USD 271 million, Vietnam's Top 10 Golden Stars, Vietnam's Top 10 Excellent Brands, Vietnam's Top 10 Outstanding Enterprises for Social Responsibility and Winner of Asia - Pacific International Quality Award.

While the 2014 outlook continues to be challenging, VietinBank management and staff will work hard with strong determination to execute our clear strategy. Our financial strength and growing business give us the competitive advantages in gaining market share and seizing new opportunities. We will continue to implement new organizational structure while emphasizing on the development of talents and investing in human resources. Some key areas of focus are the improvement of management skills at all levels, implementation of new technology,



introduction of products and services, investing in research and development, operational quality and risk management.

Entering 2014 with many difficulties ahead, we are confident that we are well-placed to deliver value and superior services to our customers going forward. On behalf of the Board and Executive Management of the bank, I would like to thank and express our deepest appreciation to the Government, the State Bank of Vietnam and the Party for their invaluable advice and guidance throughout the year. We, members of the Board of Directors and devoted staff are dedicated to deliver advanced values to the pursuance of tremendous success in 2014.



Chairman
Ph.D. Pham Huy Hung



VietinBank Tower

Essential Information

Registered name in Vietnamese	NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN CÔNG THƯƠNG VIỆT NAM
Registered name in English	VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE
Abbreviated name	VietinBank
Banking license	No. 142/GP-NHNN dated 03/07/2009 by the State Bank of Vietnam
Certificate of Business Registration	No. 0100111948 by Hanoi Department of Planning and Investment for the first issuance on 03 July 2009, registered for the 9th amendment on 22 October 2013
Charter Capital	VND 37,234,045,560,000
Head Office	108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. Contact number: 84 4 3942 1030 Fax: 84 4 3942 1032 Website: www.vietinbank.vn
Stock Code	CTG

History of the Bank

ESTABLISHMENT

VietinBank was established on 26 March 1988 after its separation from the State Bank of Vietnam in accordance with Decree No.53/HDBT by the Ministers Council.

LISTING

VietinBank stock has been officially traded on Ho Chi Minh City Stock Exchange (HOSE) since 16 July 2009.

- **Type of share:** Ordinary shares
- **Stock Code:** CTG
- **Par value per share:** VND 10,000
- **Total number of shares:** 3,723,404,556 shares (as at 31 December 2013)

25 YEARS OF CONSTRUCTION AND DEVELOPMENT

Phase I: 1988 - 2000

Established and transformed into a two-tier bank, officially put Vietnam JSC Bank for Industry and Trade into operation.

Phase II: 2001 - 2008

Successfully implemented the organizational restructuring project in terms of debts handling, general policies & mechanisms and business operations.

Phase III: 2009 to present

Successfully carried out equitization and conducted a complete system innovation towards modernization and standardization in all aspects of banking activities; converting the current organization model and corporate governance in accordance with international standards and practices.



2013 ACTIVITIES HIGHLIGHTS

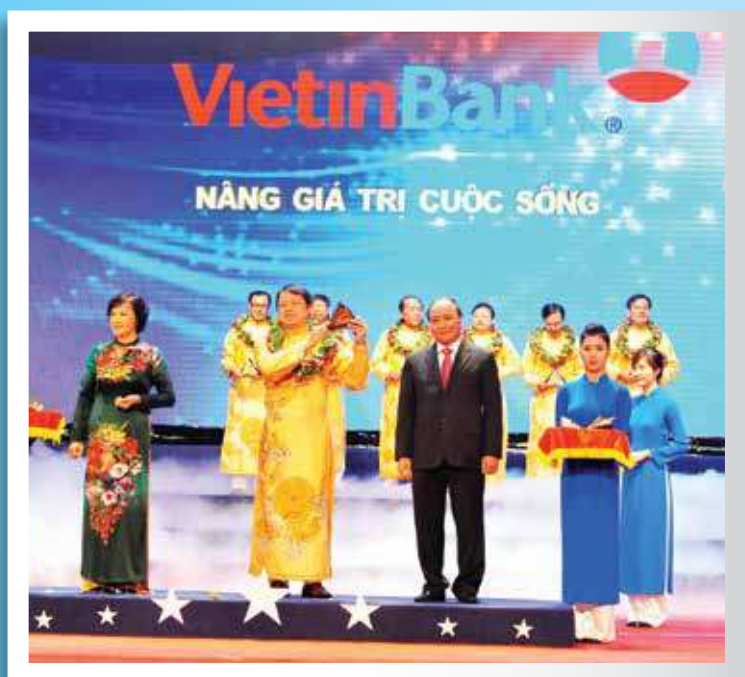
- VietinBank celebrated its 25th Anniversary and was honored to receive the Labor Hero Title and First Class Independence Medal from the Party and the Government.
- The bank of Tokyo-Mitsubishi UFJ, LTD. (BTMU) officially became VietinBank's second foreign strategic investor after International Financial Corporation (IFC).
- The only bank in Vietnam, in two consecutive years, been nominated in The World's Biggest Public Companies, The World's Top 500 Prestige Brands in the banking and finance sector.
- Became the largest bank in Vietnam in terms of charter capital.
 - Highest profit and tax paid.
 - Best asset quality and lowest NPLs ratio in the industry.
- Transformed organizational structure and operation model from the headquarters to every branch with intention to strengthen risk management and enhance customer-oriented business operations.
- Implemented performance management scheme - KPI. KPI utilization enables learning and improvement on critical operations, capabilities and processes across business areas.
- Issued VietinBank Culture Handbook together with contenting the importance of mission, vision and core values and shaping up VietinBank culture; organized VietinBank Communication Conference on a broader scale.
- Continued to fulfill corporate social responsibilities; became the first bank to offer extensive subsidies to aid flood-affected fellow citizens in the Central part of Vietnam in 2013.



AWARDS AND ACCOLADES (2013)

AWARDS	PRESENTED BY
Labor Hero Title	President
First Class Independence Medal	President
World's Top 2000 Public Companies	Forbes
World's Top 500 Prestige Brands	The Banker
World Class Award – Asia Pacific International Quality	Asia Pacific Quality Organization (APQO)
National Golden Quality	Ministry of Science and Technology
Top 3 local financial institutions with highest payment by MasterCard	MasterCard
Vietnam's Top 10 Excellent Brands IX	Vietnam Financial Times
Vietnam's Top 10 Golden Stars	Vietnam Youth Organization & Young Entrepreneurs
Vietnam's Top 20 Corporations	Vietnam Report, VietNamNet Magazine
Vietnam's Top 20 Businesses	Investment Magazine
Vietnam's Top 50 Best Listed Companies	Forbes Vietnam





Major Business and Operating Areas

SCOPE OF BUSINESS

VietinBank' services include Fund Mobilization in the form of Term Deposits for Retail and Corporate clients, Foreign Exchange, Guarantees, International Settlements, Letters of Credit, Capital Markets,

Money Markets, Bonds, Equity Investments, Correspondent Banking, Internet Banking and other innovative financial and investment services and solutions licensed by the State Bank of Vietnam.

OPERATING AREAS

VietinBank Head Office is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi with 1 Main Operation Centre and 04 subsidiaries and associated companies; 02 representative offices in Hochiminh and Danang city; 01 representative office in Myanmar; 148 local branches in 63 cities

and provinces across the country, 3 foreign branches (2 in Germany and 1 in Laos). VietinBank has established correspondent relationship with over 1,000 financial institutions of more than 90 countries and territories worldwide.





VISION

To be a modern and more diversified financial institutions towards international standards by 2018.

MISSION

To be a financial leader in Vietnam that offers full spectrum of international standard banking services and financial solutions to individuals and corporate clients.

CORE VALUES

- **Staying focused on customers**

Serving our customers is at the heart of our business and we are committed to constantly explore better ways to deliver advanced services and a differentiated experience to meet each and every financial need of our clients.

- **Aiming for perfection**

With internal strength and resources, VietinBank management and staff always work hard to steadily reform towards perfection.

- **Dynamic, creative, professional & modern**

We understand that our continued success as a financial services organization is dependent on the innovative, dedicated services we provide. We always put our relationships with the clients and partners first in everything we do.

- **Integrity, Honesty & Transparency**

We have solid foundation of openness and accountability.

We ensure each and every transaction is transparent and available for public viewing.

- **Respect**

Fair dealing is basis of our business, treating every individual with respect and dignity.

- **Brand protection and development**

VietinBank staff and management are proud to be responsible for the reputation of our brand name and always carry it with honour and dignity.

- **Sustainable development and social responsibility**

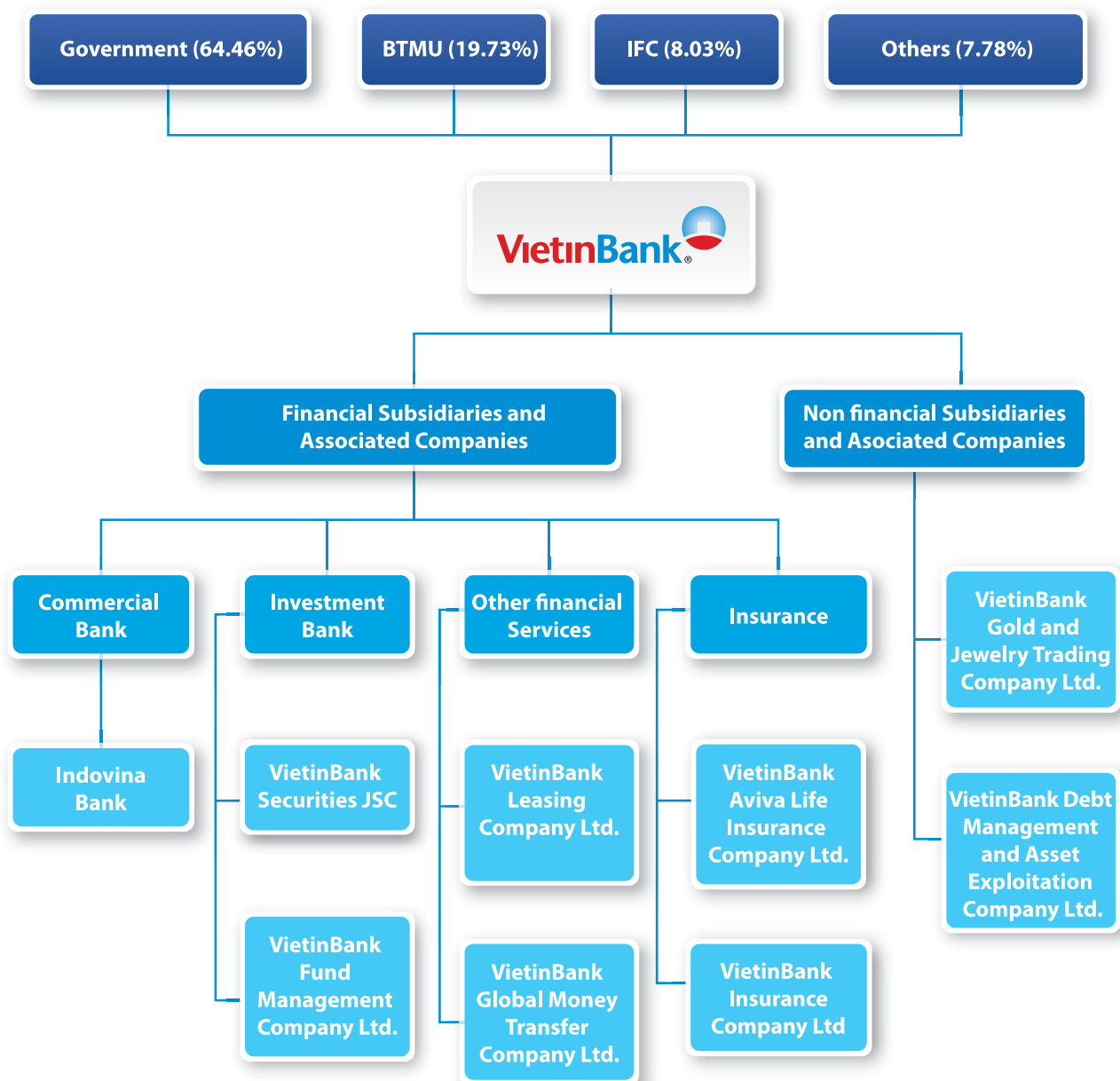
Our motivation is driven by constant reform and creativity with clear objective of strong growth, prudent business & sustainable development. It is an honour to give our staff the opportunity to participate in various volunteer programmes and to allow them to reach out further to the community and take responsibility for the society and fellow citizens.

BUSINESS PHILOSOPHY

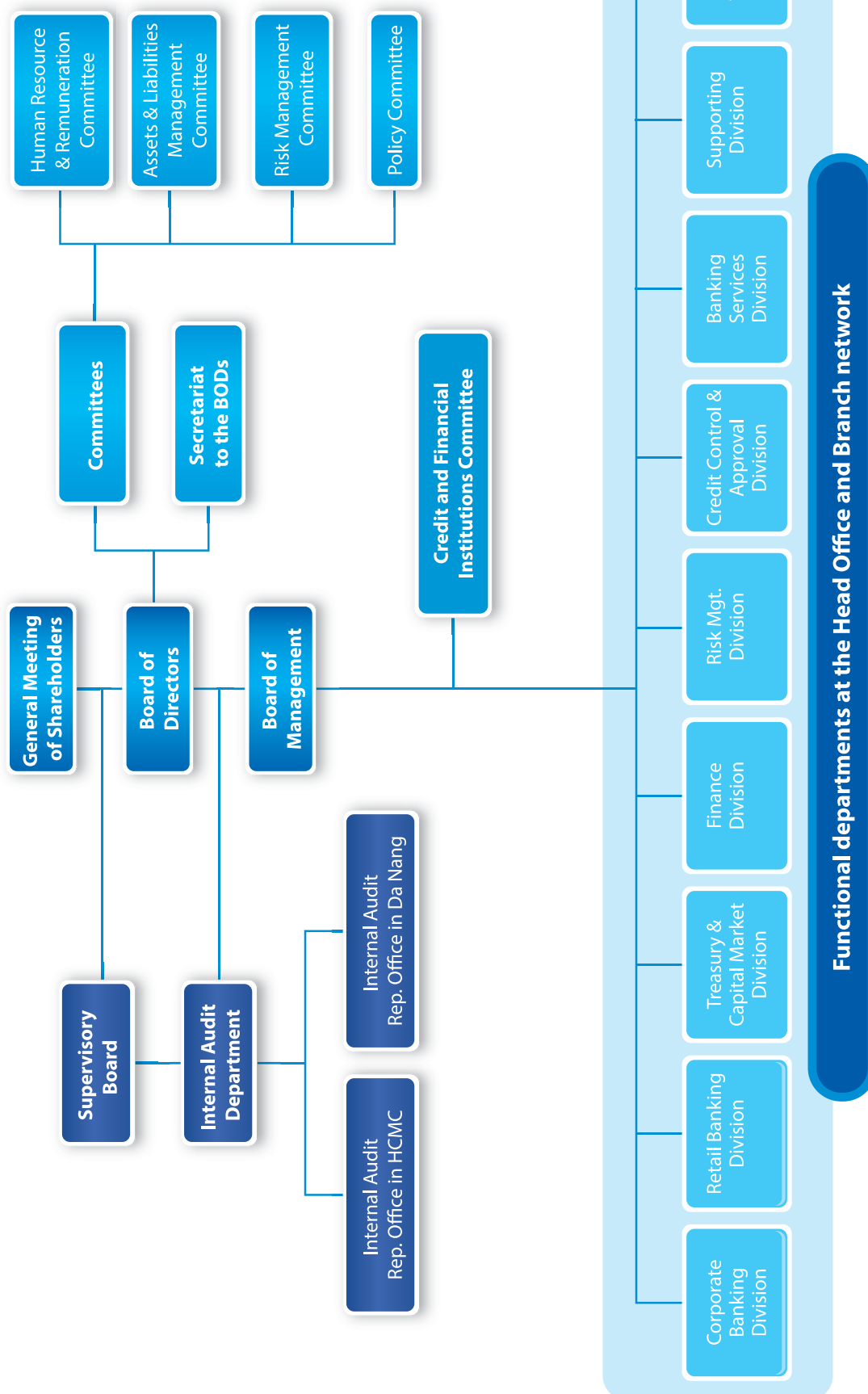
- **Safe, effective and sustainable.**
- **Loyal, dedicated, passionate & committed, wise and principled.**
- **The prosperity of VietinBank customers is our ultimate success.**

Organizational Structure & Corporate Governance Model

SUBSIDIARIES AND ASSOCIATED COMPANIES



MANAGEMENT STRUCTURE



Functional departments at the Head Office and Branch network



SUBSIDIARIES AND ASSOCIATED COMPANIES

No.	Company Name	Address	Scope of operation	Percentage of ownership by VietinBank
1	VietinBank Leasing Company Ltd.	16 Phan Dinh Phung Street, Ba Dinh District, Ha Noi	Finance and Banking	100%
2	VietinBank Securities Joint Stock Company	306 Ba Trieu Street, Hai Ba Trung District, Ha Noi	Capital Market	76%
3.	VietinBank Debt Management and Asset Exploitation Company Ltd.	76 Nguyen Van Cu Street, District 1, HCMC.	Asset Management	100%
4	VietinBank Insurance Company Ltd.	141 Le Duan Street, Hoan Kiem District, Hanoi	Non-life Insurance	100%
5	VietinBank Gold and Jewelry Trading Company Ltd.	34 Cua Nam, Hoan Kiem District, Hanoi	Gold and Gemstones Manufacturing and Trading	100%
6	VietinBank Fund Management Company Ltd.	34 Cua Nam, Hoan Kiem District, Hanoi	Fund Management	100%
7	VietinBank Global Money Transfer Company Ltd.	126 Doi Can Street, Ba Dinh District, Ha Noi	Other Monetary Intermediation	100%
8	Indovina Bank	46-48-50 Pham Hong Thai Street, District 1, HCMC.	Finance and Banking	50%
9	VietinBank Aviva Life Insurance Company Ltd.	521 Kim Ma Street, Ba Dinh District, Ha Noi	Insurance	50%

Key Financial Indicators

INDICATOR	Unit	31/12/2013	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Total assets	VND Billion	576,368	503,530	460,420	367,731	243,785
Shareholders' equity	VND Billion	54,075	33,625	28,491	18,170	12,572
Charter Capital	VND Billion	37,234	26,218	20,230	15,172	11,252
Total mobilized funds	VND Billion	511,670	460,082	420,212	339,699	220,436
Total loans	VND Billion	460,079	333,356	293,434	234,205	163,170
Non-interest income	VND Billion	3,506	3,541	2,325	2,769	1,747
Total Operating Income	VND Billion	21,783	21,961	22,373	14,858	9,679
Total Operating Expenses	VND Billion	(9,909)	(9,435)	(9,077)	(7,195)	(5,414)
Net profit from operating activities excluding credit risk provision expenses	VND Billion	11,874	12,526	13,296	7,663	4,265
Provision for credit losses	VND Billion	(4,123)	(4,357)	(4,904)	(3,024)	(507)
Profit before tax	VND Billion	7,751	8,169	8,392	4,638	3,373
Corporate Income Tax	VND Billion	(1,943)	(1,998)	(2,132)	(1,194)	(883)
Profit after tax	VND Billion	5,808	6,169	6,259	3,444	2,583
ROA	%	1.4	1.7	2.03	1.5	1.54
ROE	%	13.7	19.9	26.74	22.1	20.6
NPLs/ Gross Loans	%	0.82	1.35	0.75	0.66	0.61
Capital adequacy ratio (CAR)	%	13.17	10.33	10.57	8.02	8.06
Dividend payout ratio (% calculated on charter capital by the year end)	%	10	16	20	13.47	6.83 (last 6 months)

Development Plan



TARGETS FOR 2014

Entering 2014, our priority focuses on nurturing growth, maintaining our dominance in the local market, reinforcing our leading role in the implementation of policies and guidelines set by the Government, the State and the Party, all making a valuable contribution to the achievement of social and economic targets. We will continue to emphasize our ongoing comprehensive restructuring towards modern banking practices; enhancing our financial strength and increasing competitive capacity. Our

objective is to become the local bank of choice for a fast growing home market. We aim to build on our strong position in Vietnam, and to achieve that Organizational Model restructuring and upgrade is one of our key projects this year. We are steering our business and governance models towards international standards and practices. As Vietnam continues to develop, requirement for sound operation in the banking system will grow.

MEDIUM AND LONG-TERM DEVELOPMENT STRATEGY ORIENTATION

Our strategy is to become a universal bank. We aim to direct our capabilities towards commercial banking and investment banking and to do so we developed a clear roadmap comprising six strategic priorities for 2014:

- Continue to comply with policies set by the Party; take the lead in implementing directions of the State, the Government and the State Bank of Vietnam and maintain our pioneering role as a financial leader. Focus on strengthening wealth generation for clients whilst maintaining our social responsibilities to the communities we serve. Contribute to the State budget and give our staff more opportunities to reach out further to the community by engaging in more voluntary social welfare programs.
- Accelerate restructuring process and standardize our organizational model: The Bank was reorganized through the establishment of Corporate Banking Division, Retail Banking Division, Risk Management Division, Operation Division and Finance Division. Our Organizational Restructuring Project (ORP) has built a talented team to work on the set-up of the single platform operation which helped us to realize the distinct advantage of this structure in daily banking operation as well as the communication channels in terms of management

from Head Office to branches. This gives VietinBank a great opportunity to see how the centralized operation benefits banks in the current market and how modern commercial banking practice is applied today.

- Innovative governance and risk management mechanisms towards international standards to ensure transparency, efficiency and modernity. In 2013, we continued to reform standard procedures, structure, regulations, policies and mechanisms to enhance flexibility based on the characteristics of the Vietnamese market whilst ensuring consistency with international practices on the basis of robust growth coupled with efficient risk control. In line with global regulatory changes, we are well-prepared in improving our risk management capability to comply with Basel II which includes capital and liquidity requirements.
- Employee development remained a key focus in 2013, as it plays a fundamental role in determining the success of the Bank. We continue to improve the recruitment - training/retraining - planning processes and set out a clear career path with competitive remuneration package to attract high quality human resources, which is also considered a potential pool of candidates for key positions in the

Bank in the future. This year, VietinBank successfully implemented performance management scheme – KPI. According to this new salary mechanism remuneration packages, including salary and bonus, are offered based on performance, which greatly motivates an employee's effort in fulfilling assigned tasks and other related responsibilities.

- Improve technology applications.: As part of our ongoing effort to innovate the existing Technology infrastructure, 2013 saw more IT applications developed to serve business development and governance activities. New investment in technology created a reliable working environment and reflected positively on the professional image of the Bank. A comprehensive transformation of banking operations through the completion of an overall IT strategy road map until 2015 ensured the successful implementation of technology for future business development as well as enhancing the monitoring of databases, other information and systems associated with effective risk management and governance. We increased our technology's effectiveness and efficiency by consolidating and upgrading domestic and overseas facilities

in order to ensure the technology infrastructure synchronization of VietinBank as a whole.

- Our philosophy stays focused on business development activities and sustainable growth. Guided by a clear strategy that places customers at the heart of our business, VietinBank constantly improved products, services quality and distribution channels with the goal of becoming the leading bank in terms of market share and on par with other banks in the region. Going forward, we will continue to integrate deeper into international financial market through the expansion of our network in the UK, Czech Republic, Poland, etc. to serve the financial needs of overseas compatriots in all territories. Correspondent Banking relationships will be also further enhanced and expanded and we will continue to proactively participate as member of more banking and financial organizations and associations in the world. For many more years to come, VietinBank will improve its financial capability through effective business results and continue to raise adequate capital to better serve future business growth.

CORPORATE SOCIAL RESPONSIBILITY

Entering 2014, VietinBank will continue to engage deeper in more target programs associated with hunger eradication and poverty alleviation initiated by the Party and the State. We will continue to improve the living standards of Vietnamese citizens through close monitoring

to ensure VietinBank' funds are effectively used for the right purposes and reach out to the right people and in compliance with applicable procedures and regulations on capital construction and investment management and financial management.

RISK FACTORS

In 2014, the Vietnamese Government's top priority is to promote economic development on the basis of stable exchange rates and inflation control. There is a high likelihood that several monetary and fiscal measures will be introduced to harmonize the regulation on the supply and demand of domestic and foreign currencies which may have unexpected impacts on local market. Circular 02/2013/TT-NHNN effective in 2014 may bring a positive influence on the classification and control of bad debt in the banking system. It may however, also lead to changes in the business operation and performance results of the Bank. The slow recovery of the Vietnam economy may delay the realization of targets set by the Bank in the scenario where shrinking local credit demand and rising bad debts

ratio continue to occur. With "frozen" inventories, companies are unable to free up working capital and are in no position to attempt to expand their business.

In addition to unfavourable market conditions, the world's political unrest may lead a high number of depositors from emerging markets to withdraw their funds for reasons other than liquidity needs. As a consequence, international investment flows will be affected. The United State Federal Reserve's recent plan to taper its stimulus package QE3 in order to lower short-term market interest rates and create an impact on international capital sources, may result in changes in mobilization of international capital and bank's lending cost.

HAVING STAUNCH ORIGO



2013 PERFORMANCE REVIEW



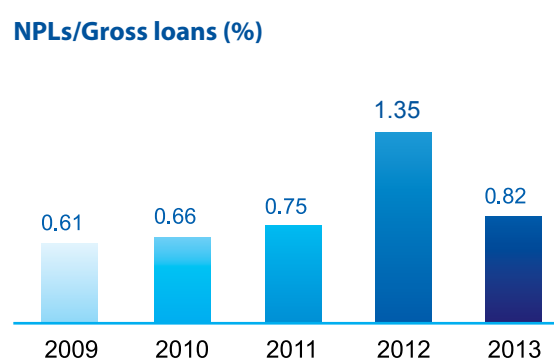
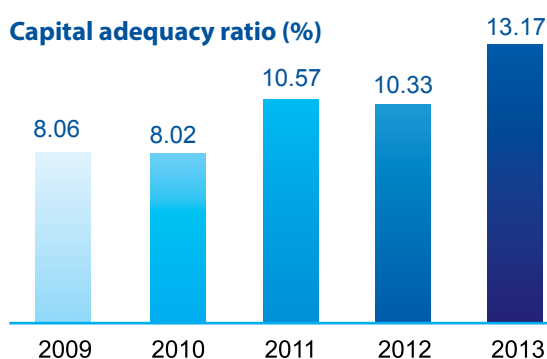
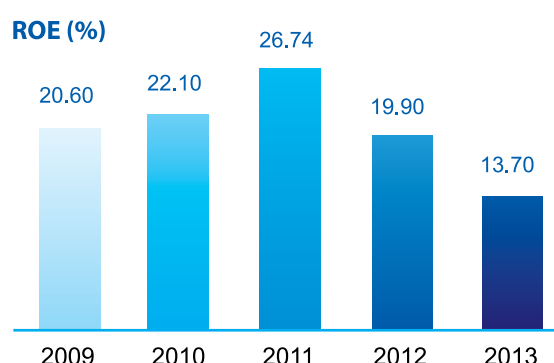
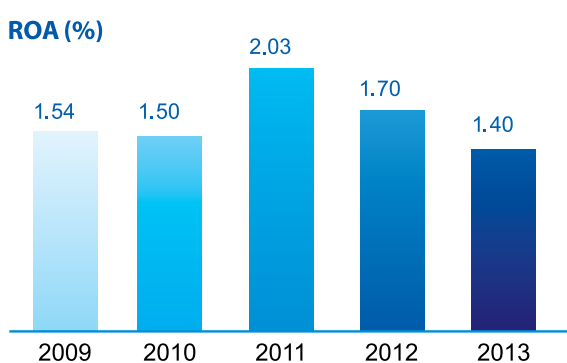
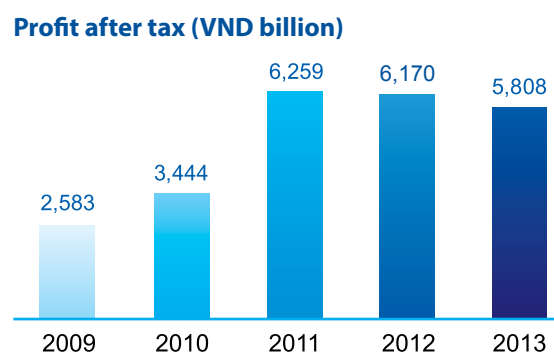
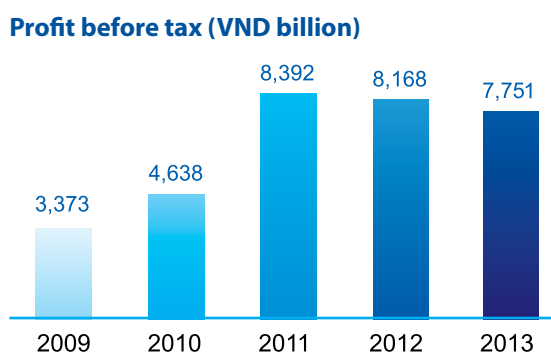
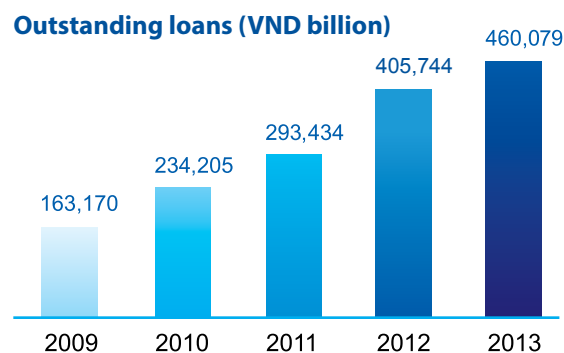
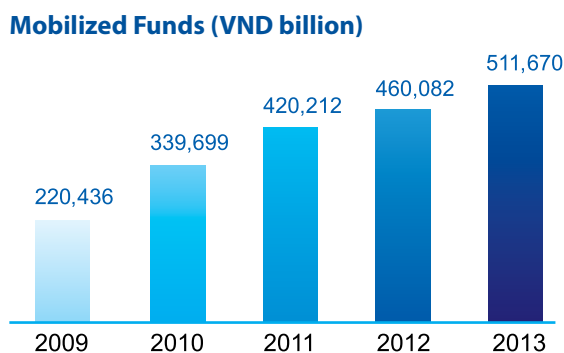
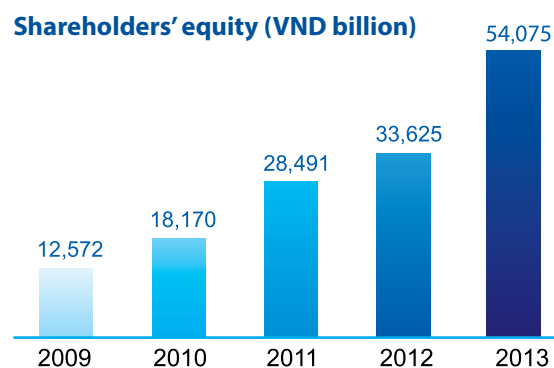
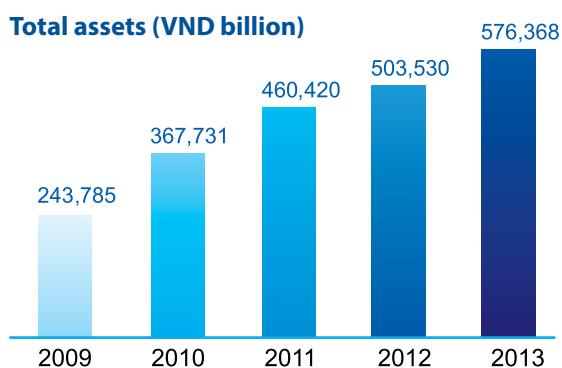


Performance Review

As at 31 December 2013, VietinBank total assets reached VND 576,368 billion, increased by 14.5% from 2012, equivalent to 108% of target set at the General Meeting of Shareholders.

- Fund mobilization:** In 2013, thanks to numerous fund mobilization and structuring solutions, VietinBank continued to maintain stable capital growth. Total mobilized fund as at 31 December 2013 was VND 511.7 trillion, an increase of over 11.2% compared to 2012 and reached 108% of the target set at the General Meeting of Shareholders.
- Loan growth:** Gross loans as at 31 December 2013 which stood at VND 460 trillion, reached 105% of the target set at the General Meeting of Shareholders. Gross loans increased by 13.4% compared to 2012 whilst the credit growth of the whole banking system was approximately 12.5% in 2013.
- Investment:** By the end of 2013, the total value of investment was worth VND 160 trillion and accounted for 27.8% of total assets. Total investment increased by 19% compared to the beginning of the year of which inter-bank investment accounted for 46%, investment in valuable papers and investment in joint ventures shares accounted for 52% and 2%, respectively. Investment portfolio was flexibly adjusted and restructured to provide profitability and lower risk. Our investment team continued to be active in providing liquidity for the whole system.
- Foreign currency trading:** By the end of 2013, our foreign currency trading turnover on the interbank market rose sharply to USD 32.6 billion, at an average volume of USD 120 million/day, accounting for 10% to 12% of market volume. Turnover from the primary market reached USD 20 billion, up by 48% on 2012 and achieved a market share of 11% from 8.6% of the previous year's result. These notable results continued to affirm VietinBank's rising position in foreign currency trading activities in the market.
- Fee-based services:** Total fee-based revenue by end 2013 increased substantially and reached VND 2,097 billion. In which, fee from payment services accounted for 50%, from treasury and bank guarantee accounted for 15%.

In 2013, the business of our subsidiaries experienced many positive changes, driven by pre-tax profits of VND 333 billion. Despite recently started operations, our overseas branches achieved another year of outstanding financial results. Total revenue of the Laos branch grew exceptionally from the previous year with a profit of USD 1.1 million. The organizational structure of the German branch has been completed and fully consolidated in compliance with regulations and standards of European markets and is now taking its first steps of stable operation.





2013 PERFORMANCE VS OBJECTIVES

Indicator	2013 Performance	Objective	Percentage achieved vs objective
Total Assets	576,368	535,000	108%
Outstanding loans and investments	536,460	503,000	107%
Credit Exposures	460,079	438,000	105%
Mobilized funds	511,670	475,000	108%
Shareholders' Equity	54,075		
of which: charter capital	37,234	37,234	Achieved
Profit before tax	7,751	7,500	103%
Dividend ratio	10%	10%	Achieved
ROA	1.4%	1.3 -1.5%	Achieved
ROE	13.7%	13% -15%	Achieved
Impaired loans (NPLs)/ Gross Loans	0.82%	< 3%	Achieved
Capital adequacy ratio (CAR)	13.17%	≥ 10%	Achieved

2013 Financial Highlights

A. FINANCIAL RESULTS	Unit	2012	2013	% change
Total assets	VND Billion	503,530	576,368	14.5%
Taxes and other payables	VND billion	2,547	2,505	-1.6%
Profit before tax	VND billion	8,168	7,751	-5.1%
Profit after tax	VND billion	6,170	5,808	-5.9%
B. KEY FINANCIAL INDICATORS				
<i>1. Capital base</i>				
Charter capital	VND billion	26,218	37,234	42%
Total assets	VND billion	503,530	576,368	14.5%
Capital adequacy ratio	%	10.33	13.17	
<i>2. Business results</i>				
Total deposits	VND billion	1,748,979	2,254,102	28.9%
Total loans disbursement	VND billion	1,088,403	1,237,236	13.6%
Total loans collection	VND billion	1,016,999	1,216,664	19.6%
Gross Loans/Total Funding	%	88.18	89.91	
Special-mentioned loans	VND billion	1,412	2,744	94.3%
Impaired loans (NPLs)	VND billion	4,890	3,770	-22.9%
Special-mentioned loans/Gross loans	%	0.35	0.6	
Impaired loans (NPLs)/Gross Loans	%	1.35	0.82	
<i>3. Liquidity</i>				
Quick Ratio	%	15.97	15.22	
Liquidity ratio	%	24	29	

Shareholding Statistics

SHARES

- **Class of shares:** Ordinary shares
- **Total number of issued ordinary shares:** 3,723,404,556
- **Total number of international bonds in circulation:** USD 250,000,000
- **Total number of outstanding shares:** 3,723,404,556
- **Treasury Shares:** 0
- **Dividends & profit distribution to shareholders:** 2013 dividends are yet to be distributed to shareholders.

SHAREHOLDER STRUCTURE

- **State shareholder**

NAME OF SHAREHOLDER	ADDRESS	NO. OF SHARES	%
State Bank of Viet Nam Represented by:	49 Ly Thai To Street, Hoan Kiem District, Ha Noi	2,400,204,956	64.46
Mr. Pham Huy Hung, Chairman of the Board		960,081,982	25.79
Mr. Nguyen Van Thang, Board member cum General Director		720,061,487	19.34
Mr. Cat Quang Duong, Board member		720,061,487	19.34

- **Founding shareholders:** None
- **Foreign shareholders**

No.	NAME OF SHAREHOLDER	ADDRESS	NO. OF SHARES	(%)
1	The Bank Of Tokyo-Mitsubishi Ufj, Ltd.	7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8388	734,604,384	19.729
2	IFC Capitalization (Equity) Fund, L.P.	2121 Pennsylvania Avenue, NW, Washington. DC 20433 USA	200,864,399	5.395
3	International Finance Corporation (IFC)	2121 Pennsylvania Avenue, NW, Washington. DC 20433 USA	98,017,588	2.632
4	Others		31,760,663	0.85
	TOTAL		1,065,247,234	28.61

CHANGES IN SHAREHOLDERS' EQUITY

	%	AMOUNT (VND)
1. Charter capital as at 31 December 2012		26,217,545,370,000
2. Private placement for BTMU	19.73	6,443,898,110,000
3. Additional ordinary shares issued to existing shareholders	14	4,572,602,080,000
3. Charter capital as at 31 December 2013		37,234,045,560,000

TREASURY STOCK TRANSACTION: None

OTHERS: None

List of Shareholders with Restricted Shares Transfer

	Name of shareholder	ID/ Business License No./ Transaction code	No. of Shares	(%)	No. of shares with restricted transfer	Time limit for share transfer
1	State Bank of Vietnam, Represented by:	15/SL	2,400,204,956	64.463	2,400,204,956	Regulated under the State provisions
	Mr. Pham Huy Hung, Chairman of the Board:		960,081,982	25.785	960,081,982	
	Mr. Nguyen Van Thang, Board member cum General Director		720,061,487	19.339	720,061,487	
	Mr. Cat Quang Duong, Board member		720,061,487	19.339	720,061,487	
2	Internal shareholders		310,259	0.008	310,259	During term of office
	Board of Directors		245,408	0.007	245,408	
	Supervisory Board		64,851	0.002	64,851	
3	VietinBank's Trade Union	310/ToC- CĐNH	54,734,749	1.470	26,800,000	Sale of shares is not allowed
4	Strategic shareholders					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	CA6217	734,604,384	19.729	734,604,384	From 14 May 2013 to 14 May 2018
	IFC Capitalization (Equity) Fund, L.P.	CA5074	200,864,399	5.395	200,864,399	From 10 March 2011 to 10 March 2014
	International Finance Corporation (IFC)	CS6041	98,017,588	2.632	98,017,588	From 10 March 2011 to 10 March 2014



Investments and Projects Executed in 2013

2013 LARGE INVESTMENTS

As at 31 December 2013, VietinBank's total contributed capital for investments in joint ventures, associated companies and other long-term investments was worth over VND 3 trillion, therefore, the Capital Contribution ratio under provisions and contribution efficiency is complied with.

SUBSIDIARIES AND ASSOCIATED COMPANIES:

1. VIETINBANK FUND MANAGEMENT COMPANY LTD.

a. Overview:

- VietinBank Fund Management Company is a wholly-owned subsidiary of Vietnam Joint Stock Commercial Bank for Industry and Trade, established under License No. 50/UBCK-GP dated 26 October 2010 of the State Securities Commission and was adjusted under Decision No 05/GPDC-UBCK dated 25 March 2011.

- **Registered Office:** 34 Cua Nam Street, Hoan Kiem District, Hanoi.

- **Charter capital:** VND 950 billion.

b. Major Business:

- Portfolio management;
- Investment fund management;
- Securities investment and corporate finance advisory.

c. 2013 Business performance and results:

The company's total entrusted assets reached VND 973 billion in 2013 and total invested assets amounted to VND 2000 billion. Pre-tax profit rose to VND 63.12 billion. Total number of investment transactions witnessed a significant increase in comparison with the previous years.

The associated company was honoured to receive the Certificate of Merit from the Governor of the State Bank of Vietnam for its 5 departments and 2 individuals and a Letter of Compliment from VietinBank BOD for devoted departments and individuals. As of financial year-end 2013, the subsidiary was recognized as one of a few associated units that had fulfilled set targets with remarkable results.

2. VIETINBANK LEASING COMPANY LTD.

a. Overview:

- VietinBank Leasing Company Ltd. is an independent accounting subsidiary with 100% charter capital provided by VietinBank, established under Decision no 53/1998/QĐ-NHNN5 dated on 26 January 1998 of the Governor of the State Bank of Vietnam, operating under a single-member limited company model.

- **Registered Office:** 16 Phan Dinh Phung Street, Ba Dinh District, Hanoi.

- **Charter capital:** VND 800 billion.

b. Major Business:

Our subsidiary provides financial leasing services to locally established enterprises. Using the leased assets for legitimate business purposes, we also offer consultancy services and guarantees to customers in financial leasing related business and in other areas permitted by the State Bank of Vietnam.

c. 2013 Business performance and results:

The subsidiary's total assets grew to VND 1,553.4 billion, up 8.4% on 2013. Outstanding lease exposure and investment amounted to VND 1,566.1 billion, rising by 8.9% compared to 2012. Pre-tax profit reached VND 89.8 billion. Impaired loan or NPLs categories, existed 02 clients with gross loan amount of VND 31.74 billion, accounting for 2.03% of total outstanding lease exposure and investments. The company is by far one of best performing financial leasing corporations in Vietnam with the lowest NPLs ratio.

3. VIETINBANK SECURITIES JOINT STOCK COMPANY

a. Overview:

- VietinBank Securities Joint Stock Company, formerly known as VietinBank Securities Co. Ltd, was established under Decision No. 126/QĐ-HĐQT-NHCT1 dated on 01 September 2000 by the Board of Directors of VietinBank. VietinBank Securities operates in securities trading, financial advisory and related services. On 1 July 2009, VietinBank Securities was officially renamed into VietinBank Securities Joint Stock Company under establishment license No. 12/GPDC-UBCK dated on 29 January 2011 by the State Securities Commission.

- **Registered Office:** 306 Ba Trieu Street, Hai Ba Trung District, Hanoi.

b. Business major:

- Securities brokerage
- Securities proprietary trading;
- Securities underwriting;
- Securities investment advisory and financial advisory;
- Securities custody.

c. 2013 Business performance and results:

At the end of 2013, the Company achieved total revenue of VND 148.5 billion and a pre-tax profit of VND 85.6 billion. Total assets reached VND 1,082 billion while charter capital was maintained at a sound VND 789.9 billion.

Through a number of diversified and high value contracts, our subsidiary achieved strong growth in areas of corporate finance advisory. In 2013, the Company signed over 60 new contracts on corporate finance advisory. Brokerage activities are oriented in line with prudent risk management, hence all provisions as stipulated by law are fully complied with. Brokerage fees earned reached over VND 30.1 billion, bringing the Company to Vietnam's top 10 largest shares companies in brokerage market. Corporate advisory fees earned amounted to VND 9 billion.

4. VIETINBANK INSURANCE COMPANY LTD.**a. Overview:**

- VietinBank Insurance Company Ltd. was formerly known as the Incombank-Asia Insurance Company (IAI), a joint-venture between VietinBank and Asia Insurance Singapore with equal partnership. It was established under the License No. 21/GPDC5/KDBH dated 21 December 2002. On 17 December 2008, the Ministry of Finance granted Amendment License No. 21/GPDC5/KDBH to allow the change of name from Incombank – Asia Insurance Company to VietinBank Insurance Company Ltd. (VBI). Together with this adjustment; VietinBank acquired the paid-up capital of former foreign partner and became the sole owner. As of 31 December 2011, the Company's charter capital rose to VND 500 billion.

- **Registered Office:** 141 Le Duan Street, Hoan Kiem Street, Hanoi.

b. Major Business:

The Company offers a full spectrum of non-life insurance products and services permitted by applicable law. Also provided is a wide range of services in areas of reinsurance with attractive programs and investment funds management.

c. 2013 Business performance and results:

Total assets reached VND 839 billion, up by 11%. Revenue from insurance business as at 31 December 2013 reached VND 173 billion, of which insurance revenue was VND 145 billion, while re-insurance revenue amounted to VND 28 billion. Main contributors to premium income were property insurance (25.09%) and motor vehicle insurance (31.81%) respectively, followed by digital and general goods insurance related products. Pre-tax profit increased to VND 48 billion from 2012.

Results of several types of insurance: motor vehicle premium reached VND 34.9 billion, accounting for 29.2%; property insurance premium accounted for 25% of the total premium. In 2013, the Company expanded, opening an additional 5 branches, promoting the existing individual agencies system to support its business operation. The entire system procedure, rules and regulations were reviewed and upon completion of this thorough review, our company was certified with the quality management system according to ISO 9001: 2008.

VBI is considered an efficiently and safely operating company, proved by being listed in Vietnam's Top 1000 corporates with the highest tax contribution in 2013. VBI was also ranked at the 135th position in Vietnam's Top 500 fastest growing enterprises by FAST500 in April 2013.

5. VIETINBANK GOLD AND JEWELRY TRADING COMPANY LTD.

a. Overview:

VietinBank Gold and Jewelry Trading Company Ltd. is a wholly-owned subsidiary of VietinBank. It was established under Decision No. 1521/QD-HDQT-NHCT1 dated 15 September 2010 by VietinBank's BOD and Business Registration No. 0105011873 dated 25 November 2011 of the Planning and Investment Department of Hanoi. The Company's current charter capital is VND 300 billion.

- **Registered Office:** No. 34 Cua Nam Street, Hoan Kiem District, Hanoi.

b. Major Business:

Manufacture, design, import and export gold and gemstones; gems and jewelry brokerage agency; trade promotion introduction; e-commerce services, technology transfer, real estate business and real estate ad management consultancy.

c. 2013 Business performance and results:

As at 31 December 2013, total assets stood at VND 337.4 billion; Sales revenue and profits from services provided reached VND 5,099 billion; Pre-tax profit was VND 27.6 billion.

With its expanding presence across 3 major cities namely Hanoi, Ho Chi Minh City and Da Nang, the Company has opened another 2 branches and increased its network to seize more significant market shares and continue to promote the value of VietinBank Gold's prestige brand name.

6. VIETINBANK DEBT MANAGEMENT AND ASSET EXPLOITATION COMPANY LTD.

a. Overview:

The Company was originally incorporated under the Business Registration Certificate No. 4106000331 dated 17 January 2007 by the Department of Planning and Investment of Ho Chi Minh City. On 20 July 2010, the Company changed its name to VietinBank Debt and Asset Management One Member Ltd. Company and since then, has been operating under the Business Registration Certificate No. 0302077030 issued by the Department of Planning and Investment of Ho Chi Minh City with the first registration and second amendment on 22 June 2012. The Company is a full subsidiary of VietinBank with charter capital of VND 120 billion.

- **Registered Office:** 76 Nguyen Van Cu Str., Nguyen Cu Trinh Ward, Dist.1, Ho Chi Minh City.

b. Major Business:

Receipt and management of mortgage, pledged assets and collateral valuation, etc...

c. 2013 Business performance and results:

At financial year-end 2013, the Company's total assets reached VND 136 billion; Revenue increased to VND 21,627 million, up by 270% from 2012.

Pre-tax profit which stood at VND 5.3 billion, achieved 106% of the target plan assigned by VietinBank's BOD.

An appraisal and evaluation process was carried out to price 4,121 assets (an increase of 1,070% compared to 2012), with a total value of VND 53,767 billion (up by 289% from 2012). Fee income of VND 10,231 million was a 256% increase on 2012.

In 2013, the Company focused on promoting in depth all aspects of business operations including appraisal and evaluation of assets, property auction, debt and asset handling, management and exploitation of assets and closely supported VietinBank's branches in handling debts and assets.

7. VIETINBANK GLOBAL MONEY TRANSFER COMPANY LTD.**a. Overview:**

- VietinBank Global Money Transfer Company Ltd. was established under Decision No. 1356/QĐ-HĐQT-NHCT dated 16 December 2011 of VietinBank BOD. The Company is fully owned by VietinBank with charter capital of VND 50 billion and officially started its operation on 10 February 2012.

- **Head Office:** 126 Doi Can Street, Ba Dinh District, Hanoi.

b. Major Business: Financial intermediation

c. 2013 Business performance and results:

In 2013, the Company's total assets reached VND 95 billion. Fee income was VND 38 billion; a significant 25% on a year-on-year. Pre-tax profit stood at VND 13.9 billion.

Revenue from financial activities was VND 5.4 billion. Apart from utilizing its initial capital to carry out financial investment activities, the subsidiary also invested accumulated profits to maximize the Company's income going forward.

8. INDOVINA BANK

a. Overview:

- Indovina Limited Bank (IVB) is the first joint venture bank in Vietnam established on 21 November 1990 under the License No. 135/GP by the State Committee for Cooperation and Investment and License No. 08/NH-GP dated 29 October 1992 by the State Bank of Vietnam. It is a financial intermediation institution whose shareholders are VietinBank and Cathay United Bank of Taiwan (CUB) (a wholly owned subsidiary of Cathay Financial Holding Company – the largest financial group in Taiwan). As of 31 December 2013, IVB's charter capital was USD 195 million, of which VietinBank holds a 50% stake.

- Registered Office: 97A Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City.

b. Major Business:

Commercial Banking, Corporate Banking, Merchant Banking, Retail Banking.

c. 2013 Business performance and results:

As of 31 December 2013, IVB's total assets reached VND 22,690 billion. Profit after tax was VND 373 billion while the bank's NPLs ratio stayed at 2.49%.

9. VIETINBANK AVIVA LIFE INSURANCE COMPANY LTD.

a. Overview:

- VietinBank Aviva Life Insurance Company Ltd. is a joint venture between VietinBank and Aviva Group with an aim to develop the life insurance segment in Vietnam. The Company was incorporated under the License No. 64/GP/KDBH by the Ministry of Finance. As at 31 December 2013, the Company's charter capital was VND 800 billion with a 50% stake held by VietinBank.

- Registered Office:** 10th floor, Tower B, Hadi Resco Building, 521 Kim Ma Street, Ba Dinh District, Hanoi.

b. Major Business: Life Insurance

c. 2013 Business performance and results:

- As of 31 December 2013, total assets reached VND 931 billion and profit after tax was VND 11 billion.

INTEGRATING INTO INTERNATIONAL PLAYING FIELD FOR DEVELOPMENT



BOARD OF MANAGEMENT'S



EVALUATION OF THE BOARD OF DIRECTORS

Board of Management's

The global economy showed signs of gradual recovery in 2013 with relatively slow growth momentum. With the synchronous and effective implementation of solutions by the Government and the State Bank of Vietnam, macro-economic conditions were stabilized; inflation was curbed at 6.6%, gross domestic product growth (GDP) stood at 5.42%. However, aggregate demand and purchasing power of the economy remained weak. A large number of enterprises had to close down their businesses and bad debts remained high across the banking system. In this context, Vietinbank management and staff have made exceptional efforts to implement effective business solutions and to build a solid foundation for the Bank's stable development in the future.

The Bank's business operations were placed in an environment where challenging economic conditions persist. However with the rightful direction and appropriate business solutions, VietinBank was still able to make significant progress in terms of growth, stability, safety and effectiveness in its business activities. In 2013, our impressive results were driven by increasing growth momentum together with secure and efficient operations: total assets reached VND 576.4 trillion, rose by 14.5% compared to the previous year, pre-tax profit was VND 7,751 billion, equivalent to 103% of target set at the annual General Meeting of Shareholders. Total funding increased by 11.2%, gross loans grew 13.4% year-on-year. As of year-end 2013, we continued to maintain our leading position in the local banking sector in terms of key financial indicators.

Total Asset Growth

14.5%

Total Funding Growth

11.2%

Loan Growth

13.4%

Profit before tax

7,751
(billion VND)

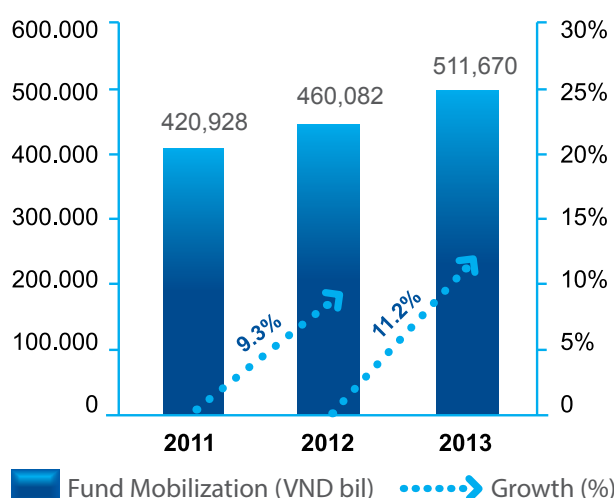
Performance Review

STABLE AND STRONG FUND MOBILIZATION GROWTH

In 2013, thanks to a number of capital mobilization and structure solutions, Vietinbank continued to enhance its robust growth in fund mobilization. As of 31 December 2013, mobilized funds were VND 511.7 trillion, up by 11.2% from 2012 and equivalent to 108% of the target set at the General Meeting of Shareholders.

Mobilized funds generated from economic institutions and individuals grew by 21% and 27% respectively compared to 2012. This result reaffirmed Vietinbank's continuous effort in promoting our brand name in financial market. The capital of secondary market declined by 16.9% following the orientation of increasing stabilized capital, optimizing VietinBank's efficiency.

Fund mobilization growth

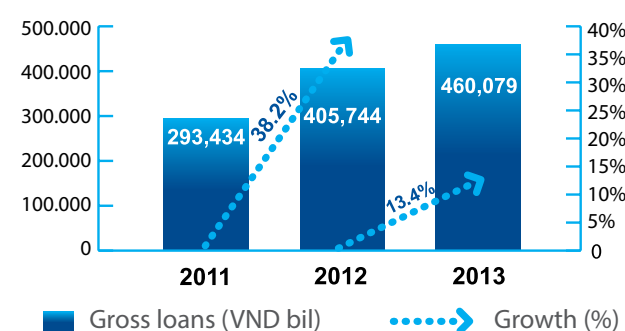


PRUDENT LOAN GROWTH & WELL-CONTROLLED LOAN QUALITY

Our higher income was driven by robust loan growth. Outstanding loans rose to VND 460 trillion by 31 December 2013, equivalent to 105% of the target set at the General Meeting of Shareholders and up by 13.4% from 2012.

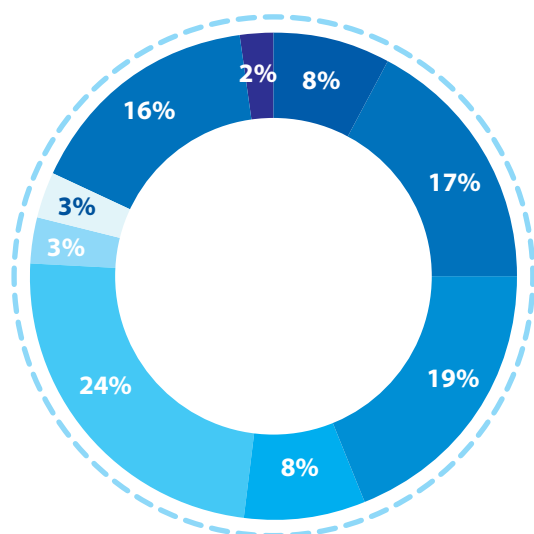
Following guidelines of the Government and the State Bank of Vietnam (Resolution No. 01/NQ-CP and Resolution No. 02/NQ-CP dated 07 January 2013 and Directive No. 01/CT-NHNN dated 13 February 2013), Vietinbank proactively initiated deep cost reductions and adjusted lending rates towards market levels in order to support business recovery and expansion. In particular, we reserved priority lending packages worth hundreds of trillion dong for various economic sectors designated by the Government such as agriculture, exports, small and medium enterprises, supporting manufacturing and high technology industries. Preferential lending packages with low interest rates were offered to support key national projects seen as spearhead economic sectors, including electricity, petroleum, coal and minerals, cement, rubber, steel, fertilizer, etc...

Loan growth



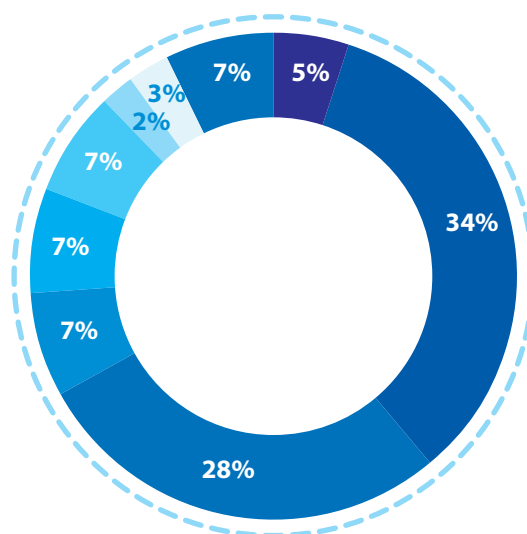
In the context of unfavourable economic conditions and system asset quality deterioration, VietinBank insisted on pursuing the orientation and credit policy of the State Bank of Vietnam and set forth strict internal regulations on credit quality control. The non-performing loans ratio in 2013 stood at 0.82%.

Loans by type of business entity



- State-owned enterprises
- State-owned one member limited liability
- Other limited companies
- Joint stock companies with more than 50% state holding
- Other joint stock companies
- Private companies
- Foreign invested companies
- Households and individuals
- Others

Loans by industry

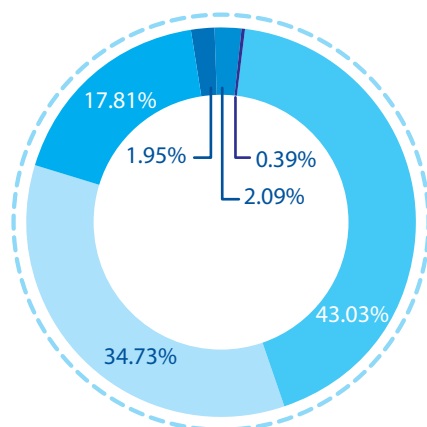


- Manufacturing and processing
- Wholesale and retail trading, repair of automobiles and motor cycles
- Construction
- Electricity, petroleum and hot water
- Mining
- Transport, warehouse
- Agriculture, forestry and aquaculture
- Real estate
- Others

RESTRUCTURED INVESTMENT PORTFOLIO TOWARDS PROFITABILITY MAXIMIZATION

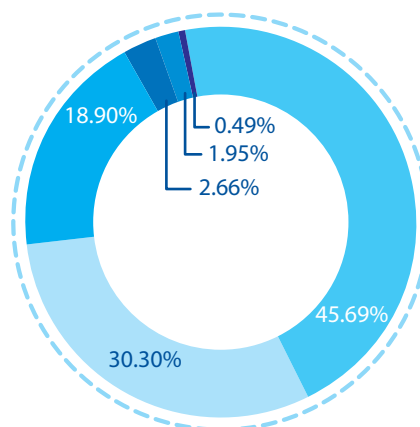
At the end of 2013, investment portfolio reached VND 160 trillion and accounted 27.8% of the total assets.

2012 Investment Portfolio



- Credit institutions' debt securities
- Business entities' debt securities
- Capital contribution

2013 Investment Portfolio



- Equity securities
- Inter-Banks
- Government bonds

- **Interbank market:** As of December 31, 2013, VietinBank investment in the interbank market amounted to more than VND 73 trillion, equivalent to 46% of the total investment portfolio. At all times Vietinbank maintained its surplus liquidity position in the role of a market liquidity creator and supporter.
- **Investment securities and valuable papers:** At year-end 2013, total investment securities rose 13.6% to VND 84 trillion and accounted for 52% of the investment portfolio. Majority of

investment securities are Government bonds and corporate bonds. These securities are reserved for VietinBank capital contribution in numerous key national projects.

- **Capital contribution and long-term investments:** As of 31 December 2013, VietinBank invested a total of nearly VND 3 trillion in joint-ventures, affiliates and other long-term investments. VietinBank ensures that all investments have added value and are in line with the State regulations on capital contribution.

IMPROVING FOREIGN EXCHANGE TRADING EFFICIENCY AND MARKET SHARE

At the end of 2013, foreign exchange trading volume in the interbank market reached USD 32.6 billion, equivalent to USD 120 million per day on average, accounting for 10-12% of the market trading volume. Foreign exchange

business with individuals and corporates at USD 20 billion was up by 48% year-on-year. Market share rose to 11% from 8.6% last year, bolstered by our continuous efforts to improve current foreign exchange trading position.

ENHANCING FEE-BASED SERVICES

Card services and e-banking

- **Card services:** VietinBank continued to be the market leader with 23% for the debit card and 35% for credit card market shares respectively. VietinBank's POS network is second to none in Vietnam. We were honored with the prestigious ASEAN Famous Brand Award, Popular Brand Award and Leading Visa and MasterCard Payment agent in Vietnam.
- **E-banking services:** Our online banking channel continued to provide customers with a differentiated experience. 2013 saw a remarkable surge in the number of customers using e-banking services (about 1.6 million additional registrations). We remained at the forefront of Internet Banking services quality. We were proudly rewarded with the Vietnam Outstanding Banking Award 2013 by IDG ASEAN and the Vietnam Banks Association.

Trade Finance

In the context of fierce competition from domestic and overseas banks with strong foreign currency position, thanks to timely and useful approaches such as good customer relationship policy, preferential lending interest rates and fees packages for potential

customers, etc. Our Centralized Trade Finance Centre continued to differentiate itself from the competition. Our trade finance volume increased by 14.9% compared to that of 2012. Market share accounted for 14% of the country's import and export turnover. We continue to be the bank of choice for many corporate customers.

Overseas Remittance:

Overseas remittance volume rose by 10% while total revenue from this service grew by 30% compared to 2012. In terms of the Western Union Quick Cash service, VietinBank is the pioneer in the Asia Pacific and the only financial institution in Vietnam which has successfully launched a modern technology platform in providing a full spectrum of advanced services and management tools which enable customers to track and manage their transactions including online money transfer and receipt services, mobile banking services and smartphone application. We also have connected with the money transfer networks of the world's most prestigious international banks, especially with those present in countries that proactively operate in overseas remittance field.

RISK MANAGEMENT AND INTERNAL AUDITING

Risk management

In 2013, the successful adoption of a centralized solution to credit risk management from horizontal to vertical approach has enhanced the existing credit reappraisal process and minimized credit risk. At the same time, we regularly conducted credit analysis and refined our risk management approaches in line with our risk appetite to identify an emerging credit portfolio threats at an early stage and mitigate risk associated with external factors. We proactively reformed risk identification mechanism and centralized risk management from VietinBank Head Office. With recent application of advanced methodology to operational risk management, VietinBank has

constantly improved capital management, liquidity and interest rate risks in accordance with international practices.

Internal Audit and Control

VietinBank successfully implemented the Internal Audit and Control transformation model. Policies and regulations are completed to meet the demand of management and operational processing of the new model. Together with organizational and personnel stabilization, the Internal Audit and Control apparatus continues to comprehensively renew testing methods and monitoring tools towards control improvement and supervision efficiency.

CHARITY WORK AND SOCIAL WELFARE

Vietinbank continued to be the leader in joining hands with the community to address social issues and poverty reduction through

various charity and social welfare programs throughout the country.



Forbes Global 2000 leading companies



VietinBank® 

**ONLY VIETNAMESE ENTERPRISE
IN GLOBAL 2000 LEADING COMPANIES 2013**

Financial Highlights

ASSETS



Total assets: As of 31 December 2013, Vietinbank's total assets grew by 14.5%, reached VND 576.4 trillion.

Balances with the State Bank of Vietnam:

We maintained adequate reserves with the State Bank of Vietnam for the period from 01 January 2013 to 31 December 2013 to comply with the applicable regulations and requirement. Our balances with the State Bank decreased by 17% from VND 12,234 billion as end of 2012 to VND 10,160 billion.

Balances with other credit institutions: By the end of 2013, placement with and loans to other credit institutions sharply increased by 26.6% (equivalent to VND 15,371 billion), of which term deposits accounted for more than 52%.

Trading securities: 2013 was another year of success for VietinBank's securities trading. Profit generated from this activity amounted to VND 18.9 billion.

Loans to customers: At the end of 2013, gross loans to customers (exclusive of provisions for credit losses) rose by 12.9% compared to last year. The proportion of gross loans to total assets at the end of 2013 and 2012 were 65.3% and 66.2% respectively. Although loan disbursements in 2013 increased by more than VND 42,933 billion, interest and similar incomes decreased by VND 6,380 billion from 2012. Following closely the guidelines of the Government and the State Bank of Vietnam to share business difficulties with corporate customers, VietinBank proactively reduced lending interest rates and offered various preferential lending packages and programs in order to support business recovery and expansion. VietinBank reserved priority lending packages of hundreds of trillion dong to numerous government initiated projects in different economic sectors including agriculture, exports, small and medium enterprises, subsidiary and high technology industries. Preferential lending packages with low interest rates were offered to support key national projects seen as spearhead economic sectors, including electricity, petroleum, coal and minerals, cement, rubber, steel, fertilizer, etc. These actions were well reflected in the Bank's 2013 interest income.

Bad debt settlement: In 2013, the Bank continued to develop more effective measures to improve credit quality, to further diversify credit risk and credit portfolios. Strict standard procedures are set out to enhance the existing credit approval process for the purpose of early credit risk identification and prevention as well as non-performing loans reduction. As a result, NPLs/Gross Loans ratio as of 31 December 2013 improved to 0.82%, much lower than other commercial banks and the whole industry.

LIABILITIES

Total liabilities as end of 2013 rose over VND 52 trillion, equivalent to 11.2% compared to 2012, mainly due to an increase in customer deposits of VND 75,392 billion.

Deposits and borrowings from other credit institutions: In 2013, mobilized funds from the interbank market decreased by 16.9% compared to 2012, of which borrowings from other credit institutions fell sharply from VND 76.8 trillion to VND 48.6 trillion.

Deposits from customers: As end of 2013, deposits from customers reached VND 364,497 billion, up by 26.1% from the end of 2012, of which term deposits in VND increased by 29.2%. Mobilized funds from economic institutions increased by 25%, and mobilized fund from retail customers stood

at VND 198,836 billion, an increase of 27%. This business result reflected our unremitting effort in improving the reputation of our brand name in the local market.

Shareholders' equity: Compared to 2012, the equity structure has changed as follows:

- Charter capital increased by VND 11,017 billion (up by 42%), reached VND 37,234 billion in 2013.
- Share premium grew by VND 8,969 billion, accordingly, the share premium ratio saw a sharp increase of 16.6% compared to last year's 0.007%.
- Retained earnings stood at VND 4,176 billion.

Supporting activities restructure, renewal and improvement

ORGANIZATIONAL RESTRUCTURE NETWORK EXPANSION AND EMPLOYEE DEVELOPMENT

• **Organization restructure:** VietinBank implemented a comprehensive restructure and renewal of the organizational model towards a centralized management approach within every functional Division in order to improve professionalism, performance and productivity in accordance with international practices.

We established the Treasury Division as the focal point to proactively participate in the money market and to optimize the capital use and enhance business investment efficiency; The Retail Banking and Wholesale Banking Divisions were also vertically restructured towards specific customer segmentation to ensure the delivery of superior products and services and customer satisfaction in each customer segment. Our Risk Management Division was incorporated to further enhance risk management processes at all levels of the

bank and systemic sustainability; Reappraisal, Disbursement Control procedures were centralized while correspondent relationship management was separated from credit appraisal to improve professionalism in sales and credit assessment.

• **Network:** In 2013, Vietinbank opened North Thang Long branch, 18 transaction offices and 1 representative office in Myanmar. The total number of branches and transaction offices rose to 151 and 1,000 respectively, affirming our key position as a banking leader in Vietnam. Enhancing our presence internationally remained a key strategic priority as we continued to promote network expansion with more investments and business activities proactively conducted abroad.

• **Human resources:** In Vietinbank, we further accelerated the consolidation of

senior management capacities at all levels. We carried out regular performance review and addressed the leadership development needs across our network. With strong corporate values, we continued to affirm our brand name by attracting a great pool of high quality human resources through various recruitment campaigns across the country.

• **Remuneration:** In 2013 with a comprehensively reform in the Bank's remuneration mechanism - KPI, our employees received a remuneration package based on their responsibilities, capability and overall performance. Staff salary decreased by 3% in comparison with 2012. However, total income of the staff still remained stable, competitive and appealing to high qualified employees.

FOCUSING ON INFORMATION TECHNOLOGY DEVELOPMENT AND BANKING MODERNIZATION

At Vietinbank, we believe that the innovation and upgrade of information technology system and infrastructure are among the

key priorities, especially the Core Banking Replacement Project, Treasury Project and Data Warehouse Project.

ENHANCING BRAND VALUE THROUGH VARIOUS COMMUNICATION ACTIVITIES AND INVESTOR RELATIONS

In 2013, VietinBank successfully carried out several media programs, helped to enhance VietinBank's brand value through numerous publications and movies on the occasion of our 25th anniversary as well as the acceptance of Labor Hero Title from the Prime Minister. We also successfully organized VietinBank's Culture Festival in Hanoi and Ho Chi Minh City, which was recognized as one of top 10 major business events of the Central Business Sector. Other activities included writing

contest on VietinBank's Culture and other social related programs.

Investor Relations were constantly promoted through more investments and upgrades made to the Investor Relations section on VietinBank website. By developing deeper investor relations, we hope to contribute further in complying with regulations on transparency and information disclosure to our investors and partners.

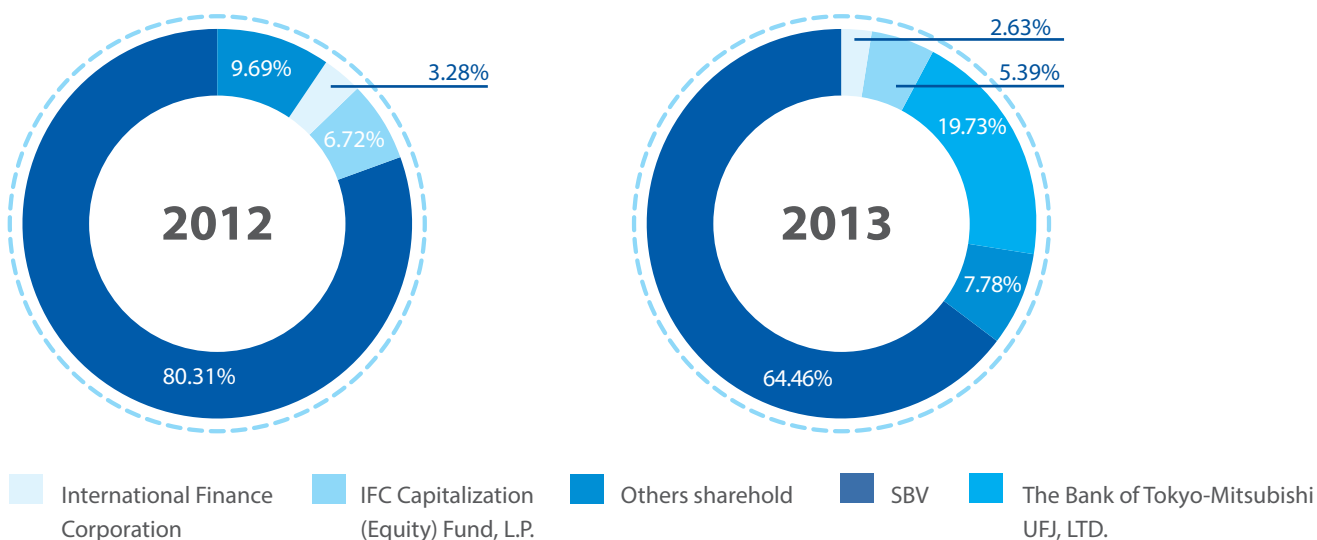
EQUITIZATION AND INCREASE IN CHARTER CAPITAL

In 2013, by raising the charter capital to VND 37,234 billion (up 42% on 2012), and equity to more than VND 54 trillion, we became the largest commercial bank in Vietnam in terms of capital and equity.

Currently, VietinBank also holds the top shareholder structure in Vietnam with 27.76% stake belonging to foreign strategic partners including BTMU and IFC, minority

shareholders' stake of 7.78% and with the State Bank of Vietnam still the controlling shareholder with 64.46% of the shares. The increased charter capital was utilized to further enhance financial capacity, strengthen operations, focus on restructuring, credit growth, network expansion, technological infrastructure investment and new products and services development, joint investment expansion and capital contribution.

Shareholder Structure 2012 – 2013



CONTINUOUS IMPLEMENTATION OF CONSTRUCTION WITH THE PURPOSE TO SERVE VIETINBANK'S DEVELOPMENT STRATEGY

In conjunction with its operational network expansion, the Bank stayed focused on investing in the construction of new office

space for branches and representative office as well as the training school to better serve VietinBank's development strategic priority.

RENEWAL OF EMULATION TASKS

In 2013, we developed a new set of emulation criterion as well as several scoring and ranking methods. With the implementation of the new emulation mechanism, we were able to ensure the transparency nature of competition results. On the occasion of its 25th Anniversary, VietinBank was honoured to accept the Labor Hero Title and First Class Independence Medal presented by Prime Minister Nguyen Tan

Dung. Honours were granted to deserving and high-achieving business groups and people from several departments including two business groups which were awarded with Emulation Flags from the Prime Minister. Another 45 groups and 44 individuals were awarded with Certificates of Commendation from the Prime Minister etc...



2014 Development Plan

The world economic conditions are expected to improve in the next twelve months. The global economy has seen positive growth momentum, however the pace of recovery may not be as robust with a number of underlying risk factors likely to persist for the foreseeable future. The domestic economic environment also carries potential risks associated with high inflation due to delays in the effectiveness of new policies introduced by the government to handle business difficulties and

stimulate production in 2013. Given the objective of sustaining macroeconomic environment coupled with inflation control efforts and solid foundation of growth momentum in 2013, VietinBank management and staff are fully committed to overcome future challenges and dedicate all our efforts on the implementation of 2014 business objectives under the guidance of the Party, the Government and the State Bank of Vietnam.

BUSINESS OPERATION

Boosting steady growth in fund mobilization to meet credit growth demand:

VietinBank will further accelerate growth in funding sources, which we will focus on stable deposits from reliable economic institutions and communities. We will continue to develop and expand our customer base, enhance customer relationships and marketing for priority customers with large deposits. We will equip ourselves with up-to-date information on market development and, proactively deploy effective fund mobilization products, expand market shares and improve competitiveness.

- **Stimulating credit growth to ensure safety and effectiveness:**

VietinBank will focus on sales activities in all aspects of our business. In order to stay prudent in credit risk management, we will emphasize improving analysis quality of each product, updating ourselves with latest industry knowledge and completing the automatic early warning system. Our existing credit portfolio management and credit risk management system are updated to be in accordance with international practices and to be commensurate with the actual operation of the Bank.

- **Carrying on investment portfolio restructuring:**

We will implement clear growth targets along with investment portfolio diversification in order to better manage liquidity, interest rate risk

and maximize profitability. Further investment expansion and fund mobilization activities will be conducted to yield positive results. The application of professional portfolio management methods and techniques shall continue highly supportive of a development of new investment products such as derivatives and structured products.

- **Promoting foreign exchange activities:**

VietinBank will proactively engage in and boost its marketing activities for foreign exchange (FX) products to potential customers with the focus remaining on major customers, FDI and SME customers. Cross-selling of foreign exchange, credit, deposits and trade finance will be enhanced to improve our competitive advantage in local market.

- **Improving services quality, maintaining market share, improving operational efficiency:**

- VietinBank will continue to maintain its import-export payment market share and develop strong customer base: We will enhance capacity in international payments by setting up lists of important international payment customers and proposing flexible customer policies that are suitable for each customer segment.

- VietinBank will focus on promoting the development of retail banking and card services: We will standardize and diversify our retail products and services to match with each customer segment while promoting non-credit channels. We are confident that we will continue to maintain

our market share and dominance across all card business segments.

- Overseas remittance activities: Progress has been made in the area of overseas remittances, as

we conducted regular ads to promote remittance products and services with low fees with the objective of becoming the market leader in overseas remittance.

RISK MANAGEMENT

- In line with new regulatory changes in areas of risk management development, VietinBank will continue to be well prepared by improving our risk management system and enhancing automatic early warnings.

- We are presently in the midst of finalizing our Internal Audit and Control mechanism. Once the new mechanisms and policies are completed, the design and effectiveness of internal governance environment will remain prudent and enable a close management and monitoring of business operation.

SUPPORTING ACTIVITIES

Strengthening organizational model:

We will further standardize the conversion of our business models and effectively operate under newly incorporated departments and divisions.

Standardizing human resource management:

Staying focused on strengthening and completing the human resource apparatus once again demonstrate our unceasing effort in improving the quality of our staff. We will closely carry out regular performance assessment following KPIs mechanism, serving as a solid foundation for implementing various HR activities such as recruitment, training and development, rotational arrangement, planning and appointment.

Enhancing network development:

We will conduct the centralized management and assessment for each business unit of domestic and overseas network. As part of our presence strengthening strategy, the upgrade of foreign branches to subsidiary banks remains a key priority. Our footsteps will be imprinted in more potential markets where there is a high concentration of Vietnamese communities such as the UK, Czech Republic, Poland, France and other ASEAN countries.

Completing salary and emulation scheme

We will further improve the existing salary scheme in accordance with organizational model changes. Emulation and commendation will focus on the performance of set targets. Timely emulation will be granted to outstanding groups and individuals who

progress or make significant achievements in each emulation campaigns.

Promoting the deployment of numerous IT projects

As part of our ongoing effort in promoting modernization, we particularly focus our resources on the implementation of various projects which carry positive and significant impacts on the system such as Core banking, Data Warehouse etc. Simultaneously, the secure operational management of our IT systems is necessary to ensure continuous and smooth operation throughout our normal banking business, as well as information quality for executive managerial decision-making purposes.

Promoting investments, infrastructure development and basic construction

At VietinBank, we focus on the acceleration of key projects such as VietinBank Headquarters Tower in Ciputra, Representative Office in Southern Vietnam at 93-95 Ham Nghi Street, Ho Chi Minh City, Representative Office in central part of Vietnam in Da Nang and many other vital infrastructure projects and investments within the entire system.

Performing economical yet effective communication activities

We established an overall communications strategy to promote products and services, enhance business efficiency, and improve the reputation of our brand name.

Evaluation of the Board of Directors

Evaluation of the Board on the bank's operation

In 2013, VietinBank has striven to overcome obstacles, closely followed the sound guidance of the Government and the State Bank of Vietnam to effectively carry out business tasks and activities for sustainable development; we actively adopted and integrated international standards and best practices. As of 2013 financial year-end, we achieved remarkable results driven by total assets of VND 576.4 trillion, up by 14.5% on 2012 and achieved 107.73% of the set target. The Bank' mobilized

funds rose 11.2% to achieve 108% of objective. Gross loans value increased by 13.4%, which exceeded target. Profit before tax reached VND 7,751 billion, met 103% of target assigned at the General Meeting of Shareholders. By raising the charter capital to VND 37,234 billion (up by 42% from 2012), and equity to more than VND 54 trillion, we became the largest commercial bank in terms of capital and equity in the Vietnamese commercial banking system in 2013.

2013 Performance vs objectives

Indicators (consolidated figures)	Unit	Objective	Performance as of 31 December 2013	Assessment
Total assets	(billion VNDs)	535,000	576,368	Exceeded
Charter capital	(billion VNDs)	37,234	37,234	Met
Total mobilized funds	(billion VNDs)	475,000	511,670	Exceeded
Total Gross loans and Investments	(billion VNDs)	503,000	536,460	Exceeded
NPL/Gross loans	%	<3%	0.82%	Met
Profits before tax	(billion VNDs)	7,500	7,751	Exceeded
Dividend payout ratio (*)	%	10%	10%	Met

(*) Calculated based on year-end charter capital

INCREASE OF CHARTER CAPITAL, EQUITIZATION AND INVESTOR RELATIONS

Indicators	Unit	Objective in 2013	Performance as of 31 December 2013	Assessment
Charter capital	billion VNDs	37,234	37,234	Met
Dividend payout ratio	%	10%	10%	Met
CAR - Capital Adequacy Ratio (Consolidated)	%	≥ 10%	13.17%	Exceeded

Increase of charter capital and the equityization: In 2013, we completed the sale of a 20% stake to the strategic shareholder - The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU). Accordingly, our charter capital increased from VND 26,218 billion to VND 32,661 billion (up by 24.6%). This business event marked an important milestone for VietinBank since its equityization in 2008, which not only enhanced the prestige and position of VietinBank to a new level, but also contributed significantly to the international investors' confidence and trust.

At the beginning of QIV/2013, Vietinbank continued to issue an additional of 457.3 million shares to existing shareholders, which was equivalent to VND 4,573 trillion. According to this, VietinBank's charter capital rose to VND 37,234 billion and became the best capitalized bank in Vietnam with a sufficient capital adequacy ratio of 13.2% - well beyond the 9% requirement ratio stipulated by the SBV. We remained the strongest bank in Vietnam when it comes to shareholder structure with a 27.76% stake held by foreign strategic partners including BTMU and IFC, the stake owned by minority shareholders accounted for 7.78% and the



SBV is still the controlling shareholder with a 64.46% stake.

Investor relations: We expect a higher dividend payout ratio in 2013 to our shareholders. Additionally, VietinBank places great emphasis on the disclosure of information to authorities and stakeholders. Events such as the General Meeting of Shareholders, Analysts Conference etc continued to be maintained and renewed towards professionalism to officially and quickly provide information to both domestic and foreign investors as well as analysts. We were proud to have been named as one of the most professional business in terms of investor relations in the local stock market.

DEEPER INTEGRATION INTO INTERNATIONAL FINANCIAL MARKETS

The year 2013 saw VietinBank's active integration into international financial markets with the implementation of supportive collaboration strategies in various fields of business with BTMU. This event marked a dramatic development which raised the prestige and position of VietinBank to a new level, created more premises for further development and international integration.

VietinBank also continued to implement the overseas expansion strategies to enhance VietinBank's brand presence among foreign investors. During the year, VietinBank opened a new representative office in Myanmar and continued to strengthen the operations of foreign subsidiaries. Currently, we are also promoting and preparing for the opening of network in several countries such as the UK,

Poland and Czech Republic etc.

With unceasing efforts, we were particularly proud to be the only Vietnamese bank to have been recognized as

One of the World's Top 2000 Public Enterprises and Top 500 Prestige Banking brands with A+ rating by Forbes Magazine. Up by 200 spots from the previous year, we currently stay at No. 1764 in this list.

Top 10 world banks with highest brands' value of at least USD 271 million, we also moved up the ladder with 106 spots from 2012. Recently, in January 2014, Global rating agency - Fitch Ratings has raised Vietinbank's credit outlook from "stable" to "positive".

Corporate governance

In the pursuit of our corporate goal that aims to become the backbone of local commercial banking industry and a modern commercial bank in the region, corporate governance is given special attention by the Board with the following notable activities:

- **Completing corporate governance and risk management systems:** In 2013, VietinBank prepared comprehensive steps for organizational reforms and strengthening the business models to accelerate modernization and competitiveness. Vietinbank has set up a credit risk management framework with three levels of control; successfully established a regulatory framework for interest and liquidity risk management in accordance with international practice etc.

- **Strengthening the senior management composition:** In 2013, the Board of Directors has provided guidance in order to enhance the Board composition of the Board of Directors as well as the Executive Management. Three members were added to the Board of Directors, Mr. Pham Huy Thong, Mr. Hiroyuki Nagata and Mr. Go Wantanabe (representatives of BTMU at Vietinbank). Along with this change, Mr. Le Thanh Tung and Mr. Hiroyuki Nagata were also appointed Deputy General Directors to the Board of Management replacing the members who resigned.

The members of the Board of Directors and Board of Management who have united to

complete assigned tasks, excelled in their duties and closely steered the Bank in its business operations and other activities, played a pivotal part in achieving the 2013 business plan.

- **Further upgrading technology system:** As part of building a solid foundation for comprehensive modernization of corporate governance to international standards, we completed several projects that significantly improved productivity, reaping higher savings in business expenses and contributed to enhance operation control ability. These projects included the required analysis for Core banking Replacing Project, Data Warehouse Project and many other management programs such as KPI management, internet banking, mobile banking and automatic toll payment etc.

- **Further upgrading facilities and enhancing customer services:** Customer satisfaction and service excellence were among our top priorities; therefore, we focused on products and services quality improvement and diversification. In line with this, several initiatives associated with upgrading current facilities were carried out to enhance customers' convenience and banking experience. In 2013, additional investments were made to upgrade the Headquarters, branches, transaction offices and training schools.

Board of Directors' Report on the Board of Management's performance

Despite the challenging operating environment, we successfully achieved the assigned tasks set at the General Meeting of Shareholders. VietinBank continued to affirm the key roles of the leading bank in terms of capital, loans, investments, payments, international trade finance, remittances and cards etc. Our prestige and brand value

were enhanced on both the domestic and international markets. In addition to these achievements and unremitting efforts and devotion of VietinBank staff during the year, we have to mention the undeniably sensible leadership and appropriate guidance of the Board of Management. Members of Board of Management have closely participated

in all aspects of business operations. The combination of both local Board members with extensive banking experience and knowledge in local markets and foreign shareholders with expertise in international banking management standards, the commitment and professionalism of the executive management in directing all business operations together with the close coordination between the BOM and the BOD have had positive effect on both the Bank's performance and, more broadly, the domestic banking system. All issues or problems encountered in daily

banking operations were promptly addressed and efficiently resolved. Flexibility gives us room for sustainable growth and maximizes shareholder benefits. VietinBank's Board of Management has increasingly demonstrated its leadership role by taking the maximum advantage of every opportunity to effectively and safely achieve overall business goals. All members of the Board of Management have striven to fulfill their duties and responsibilities and always act in the interests of shareholders, the State and to the benefit of the Bank.

PLANS AND DIRECTIONS OF THE BOARD OF DIRECTORS

While the outlook for Vietnam economy in general and the banking sector in particular continues to be challenging, with in-depth experience in leading the banking operations for years, VietinBank Board of Directors and Executive Management are committed to continuously promote VietinBank's strengths and achievements and to conduct constant reform. Our strong values and culture gives us the flexibility to pursue new opportunities. Looking forward with confidence, we will continue to implement our set objectives of sustainable development, maintain market

dominance, maximize shareholders' values and increase business efficiency on both the domestic and international markets to live up to our shareholders' expectations. VietinBank leaders hope to continue receiving the guidance from the Party, State, Government, and SBV, as well as the supports and favourable conditions from the state sector. Together with the trust and confidence of our partners and the exceptional effort of devoted staff and shareholders' strength, we are confident that VietinBank will be able to successfully achieve set objectives.

VIETINBANK'S 2014 FINANCIAL OBJECTIVES

Indicators	Unit	2014		
		Objectives	Growth vs 2013 Performance (VND bil)	Growth vs 2013 Performance (%)
Total assets	VND Bil	640,000	63,632	11.0%
Mobilized funds	VND Bil	573,000	61,330	12.0%
Total outstanding loans and investments	VND Bil	600,000	63,540	11.8%
<i>In which: Gross loans</i>	VND Bil	519,458	59,379	13.0%
<i>NPLs/Gross loans</i>	%	<3%		
Profit before tax	VND Bil	7,280	(471)	-6.1%
Charter capital	VND Bil	37,234	-	0.0%
Shareholders' Equity	VND Bil	54,931	856	1.6%
ROAA	%	1.2% -1.5%		
ROAE	%	10% -12%		
Dividend payout ratio	%	10.0%		

BEING ON PAR

WITH INTERNATIONAL PEERS





CORPORATE GOVERNANCE



Corporate Governance

COMPOSITION OF THE BOD AND COMMITTEES

■ Shares Ownership

No.	Full name	Number of shares	%
1	Mr. Pham Huy Hung	960,089,149	25.7852
-	Personal representative	7,167	0.0002
-	State capital representative	960,081,982	25.7851
2	Mr. Nguyen Van Thang	720,277,595	19.3446
-	Personal representative	216,108	0.0058
-	State capital representative	720,061,487	19.3388
3	Mr. Cat Quang Duong	720,061,487	19.3388
-	Personal representative	0	0
-	State capital representative	720,061,487	19.3388
4	Mr. Pham Huy Thong	0	0
5	Mr. Michael Knight Ipson	0	0
6	Mr. Go Watanabe	0	0
7	Mr. Hiroyuki Nagata	0	0
8	Ms. Nguyen Hong Van	4,050	0.0001
9	Ms. Nguyen Thi Bac	0	0
10	Ms. Do Thi Thuy	18,083	0.0005
Total		2,400,450,364	64.4692

Independent Board Member

Ms. Nguyen Thi Bac is the only independent member of the BOD.

Duties of the Board of Directors

The Board of Directors is the governing body of the Vietnam Joint Stock Commercial Bank for Industry and Trade, for a term of 5 years. The BOD has full the authority to act on behalf of VietinBank to exercise the rights and obligations related to the purpose and benefit of the Bank, except for matters under the jurisdiction of the General Meeting of Shareholders. The Board consists of one Chairman and its members, responsible for the management of VietinBank to shareholders.

BOARD OF DIRECTORS



Mr. PHAM HUY HUNG

Chairman

Appointed in November 2007, Mr. Pham Huy Hung, born in 1954 in Hanoi, is currently a Member of Parliament of the 13th National Assembly, member of the Standing Party Committee of the Central Enterprise Division, Secretary of the Party Committee, Chairman of the Board of Directors of Vietnam Joint Stock Commercial Bank for Industry and Trade.

He holds a PhD in Economics. He has been with VietinBank from the Bank's early days of operation and has contributed to the development of the Bank for the last 25 years. Mr. Pham Huy Hung brings with him a wealth of experience gained in his career including his time at the Ministry of Finance and the State Bank of Vietnam. Before serving as the Chairman of VietinBank, he has held the following positions: Deputy Chief, Deputy Chief of Credit, Head of Monetary Department, Deputy Branch Manager, Branch Manager and Commercial Bank of Ba Dinh, Vice President Director, Acting Director General, Member of the Board and Chief Executive Officer Industrial and Commercial Bank of Vietnam. In 2011, he was elected as a Member of the National Assembly XIII.

In 2013, he was honored to receive the prestigious awards from the Party and State: Certificate of Merit by the Ministry of Labour - Invalids and Social Affairs for prominent individuals with outstanding achievements for engaging Sympathetic hearts program (this program was initiated to provide a helping hand to disabled people, the agent orange/dioxin victims and under-privileged children; Vietnam's Top Entrepreneurs by Thanh Giong Cup; Certificate of Merit for his achievements in implementing the second programme of Hanoi Party Committee on developing agriculture, fostering new rural areas and gradually improving living standards of small-holder farmers during the period from 2011 to 2015 etc.

BOARD OF DIRECTORS



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Members of the Board of Directors

Mr. NGUYEN VAN THANG

Member of the BOD and Chief Executive Officer

Mr. Nguyen Van Thang was born in 1973 in Hanoi. He is a PhD in Economics. He joined VietinBank in 1996 and has served more than 17 years in several senior capabilities including Hanoi Branch Manager, Head of Corporate Department, Secretary to CEO, Member of the BOD and Acting General Director. Mr. Nguyen Van Thang was appointed to the Board and Chief Executive Officer of VietinBank in December 2011

Ms. DO THI THUY

Member

Ms. Do Thi Thuy was born in 1960 in Thai Nguyen Province. She is a PhD of Economics, and was a lecturer of the Banking Institute. She has been working at VietinBank since 1997. She has held various positions: Deputy Head, Head of Short-term Credit Department, Head of Big Corporate Department of VietinBank; Director of VietinBank Ba Dinh Branch; In August 2008, she was appointed Member of the Board of VietinBank. She is currently serving as Member of the Board of Vietnam Joint Stock Commercial Bank for Industry and Trade.

Ms. NGUYEN HONG VAN

Member

Ms. Nguyen Hong Van was born in 1969 in Hanoi. She holds a Master of Banking and Finance. She spent 24 years in VietinBank serving in various capacities including Deputy Head of General Balance Department, Head of Treasury Department, Head of Treasury Supporting Department. She was appointed to the Board in 2008.



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Members of the Board of Directors

Mr. CAT QUANG DUONG

Member

Mr. Cat Quang Duong was born in 1959 in Hanoi. He holds a Master of Banking and Finance. In February 2012, he was appointed to the Board. He had a long career as a banker. Prior to his career with VietinBank, he spent years in the State Bank of Vietnam serving as Manager and Deputy Director of Credit Department. Currently he is the Deputy Head of Credit Department of the State Bank of Vietnam and a member of VietinBank's BOD.

Ms. NGUYEN THI BAC

Member

Ms. Nguyen Thi Bac was born in 1953 in Bac Ninh and holds a Master of Law. In February 2012, she was appointed as a member of the Board. Over the course of her career, she has held various senior positions such as: Lecturer in Law Faculty of Vietnam National University; Junior Supervisor, Senior Supervisor, Deputy Director, Director, Member of the Standing Committee of the Supreme Court; Deputy Director of Law Committee, Member of the National Assembly (NA) at the XI NA; Senior Officer of Congressional Office. She is presently a senior lawyer of Hanoi Lawyer Association and VietinBank's Board Member.

Mr. PHAM HUY THONG

Member of the BOD and Deputy CEO

Mr. Pham Huy Thong was appointed Deputy CEO and to the Board in April 2013.

Joined VietinBank in 2002, he has served as Head of Import-Export Payment Department at Que Vo Branch; Deputy Head of SMEs department at Ba Dinh Branch; Deputy Head and Head of Corporate Department at Hanoi Branch; Deputy Director and Director of Hanoi B and presently he is Deputy General Director.

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Members of the Board of Directors

Mr. HIROYUKI NAGATA

Member of the BOD and Deputy General Director

Mr. Hiroyuki Nagata was appointed member of the Board in July 2013. He holds a Bachelor of Economics. Age 51. Prior to his joining VietinBank in 2013, Mr. Nagata has a long time experience in corporate banking, he has served as Assistant to Director of BTMU's branch in Bangkok; Head of Japanese Corporate Banking Department; Chief Manager of Corporate Banking Division No. 4, Corporate Banking Group No. 1; Chief Manager of Corporate Banking Credit Division. He is presently BTMU General Manager of Corporate Banking Division No. 3 - Corporate Banking Group No. 1, BTMU and VietinBank Deputy General Director.

MR. MICHAEL KNIGHT IPSON

Member

Mr. Michael Knight Ipson was appointed to the Board in May 2011. He was born in 1947 in the United States. He has an extensive banking experience through his career serving various senior capacities including Vice President overseeing correspondent relationship between Chinese banks and enterprises in Hong Kong, Assistant to the Regional Manager for China, Hong Kong and Taiwan; Chief Representative for Chemical Bank in China; Managing Director of Chemical Bank Hong Kong Branch and Chief Executive Officer of Chemical Asia Limited, Member of Chemical Bank's Global Credit Committee; Chief Executive, IBA Credit Chairman; Senior Specialist of IFC- Beijing; IFC's Country Manager for China and Mongolia ; IFC's Consultant on East Asia (IFC - Washington, DC).

Mr. GO WATANABE

Member

Representing BTMU in the BOD, Mr. Go Watanabe was appointed to the Board in July 2013. He was born in 1958 in Japan and holds a Master in Business Management. Prior to joining VietinBank, Mr. Go Watanabe worked in BTMU and held several senior positions including Head of Foreign Exchange and Treasury Division, ; Chief Manager, Executive Officer & General Manager of Global Corporate Banking Division; Deputy General Manager of Corporate Banking Human Resources Division; General Manager of Retail Banking Human Resources Division; General Manager of Corporate Banking Human Resources Division; General Manager of European Planning Division, Manager of European Head office based in UK; Executive Officer, Deputy President, General Manager of BTMU Shanghai Branch; Executive Officer & General Manager of Global Corporate Banking Division, Head of Global Financial Institutions,; Managing Director and Head of Nagoya Corporate Banking Group; He is currently Managing Executive Officer, Chief Executive Officer for Asia and Oceania (Singapore), Bank of Tokyo-Mitsubishi Singapore and member of VietinBank's BOD.

■ Meetings held during 2013

No.	Member	Position	No. of meeting attended	%	Reasons for not attending
1	Mr. Pham Huy Hung	Chairman	57	100	
2	Mr. Nguyen Van Thang	Member	57	100	
3	Mr. Cat Quang Duong	Member	57	100	
4	Mr. Pham Huy Thong	Member	42	75	Attended the Board' meetings after having appointment to the Board on 13 April 2013.
5	Ms. Do Thi Thuy	Member	57	100	
6	Ms. Nguyen Hong Van	Member	57	100	
7	Ms. Nguyen Thi Bac	Member	57	100	
8	Mr. Michael Knight Ipson	Member	16	28	Representing International Financial Corporation in the Board, Mr. Michael Ipson therefore only attended the Board's meeting associated with strategic direction.
9	Mr. Hiroyuki Nagata	Member	29	50	Representing BTMU in the Board, Mr. Hiroyuki Nagata therefore only attended the Board' meetings associated with strategic directions after having appointment to the Board on 13 July 2013
10	Mr. Go Watanabe	Member	8	14	Representing BTMU in the Board, Mr. Go Watanabe therefore only attended the Board' meetings associated with strategic directions after having appointment to the Board on 13 July 2013

Duties of Independent Board Member.

Comply with the provisions of applicable Charter and law.

■ Each committee operates under a particular organizational and operational set of regulations issued by the Board of Directors.

Board composition and Board Committees

■ To effectively discharge its obligations, the BOD is assisted by four specialized committees which perform functions on its behalf to support efficient conduct of its various duties. These committees include the Risk Management Committee, Human Resource and Remuneration Committee, Policy Committee and Asset Liability Management (AML) Committee.

■ The Board committees, in 2013, had coordinated with several relevant departments and units to review and finalize regulations and other issues related to Human Resources under the authority of the Board of Directors as well as provide recommendations on other specific matters, etc...

Members of the BOD hold corporate governance certificates: All members of the Board have been professionally trained on corporate governance.

■ Changes in the Board' members

No.	Position	Position	Date of appointment /resignation
1	Mr. Pham Huy Thong	Member	Date of appointment: 13/04/2013
2	Mr. Go Watanabe	Member	Date of appointment: 13/07/2013
3	Mr. Hiroyuki Nagata	Member	Date of appointment: 13/07/2013
4	Ms. Pham Thi Hoang Tam	Former member	Date of appointment: 03/07/2009 Date of retirement: 25/07/2013

SUPERVISORY BOARD



Ms. TRAN THI LE NGA

Head of Supervisory Board

Ms. Tran Thi Le Nga was born in 1961 in Hanoi and she was appointed Head of Supervisory Board in 2009. She holds a Master of Economics from the National Economic University. Ms. Tran Thi Le Nga joined VietinBank from its early years of establishment. She has a long banking career serving as Deputy Head then Head of Business Department, Deputy Director then Director of Chuong Duong Branch prior to her appointment as Head of Supervisory Board.



Ms. VU THI BICH HONG

Member

Ms. Vu Thi Bich Hong was, born in 1960 in Thai Binh. She holds a Master in Banking and Finance. Ms. Vu Thi Bich Hong was appointed to Supervisory Board in April 2013. At VietinBank, she held several positions in Internal Audit Department at Ba Dinh Branch; Deputy Director of Nam Thang Long Branch and Deputy Director of Operational Surveillance Audit Department at VietinBank Headquarter.



Ms. PHAM THI THOM

Member

Ms. Pham Thi Thom was appointed member of Supervisory Board in July 2009. She was born in 1969 in Ninh Binh. Ms. Pham Thi Thom holds a Master in Banking and Finance. Currently, she is also overseeing general policies of the State Bank of Vietnam Accounting and Finance Division. Before having been appointed to the current positions, she has served as Deputy Head of Accounting Department, Head of Accounting Department of Bank for Agriculture and Rural Development - Hanoi Branch.

■ Duties of the Supervisory Board

The Supervisory Board performs specific functions according to its own regulations on organization and operations. The Supervisory Board is a competent unit which operates independently with the Board of Directors and Board of Management. In order to effectively manage the Bank's operations, it performs functions on behalf of the shareholders to monitor the Bank's overall business operations and its compliance with the provisions of law and the Charter by the

BOD and the CEO. The Supervisory Board is rightfully responsible before the Law and the Bank's shareholders in the conduct of rights and duties assigned to them. The Supervisory Board which was elected by shareholders at the Shareholders General Meeting, operates independently with the Bank's BOD and BOM. The Supervisory Board has shown improvements in the conduct of its various duties including effective supervision and warning.

■ Changes in Supervisory Board members

No.	Name	Position	Date of appointment /resignation
1.	Ms. Vu Thi Bich Hong	Member of Supervisory Board	Date of Appointment: 01/5/2013
2.	Ms. Phan Thi Quy	Former Member	Date of Appointment: 03/7/2009 Date of Retirement: 01/5/2013

■ Remuneration of the BOD, Supervisory Board and Executive Management.

VietinBank's BOD, Executive Management and Supervisory Board remuneration policy aligns with regulations and VietinBank instructions. Remuneration reflects the performance and achievement of agreed upon tasks and is a component of the Bank's general salary budget. The main elements of this mechanism are:

- Remuneration shall include salary, bonus and other benefits

- The Board's remuneration is treated as expenses

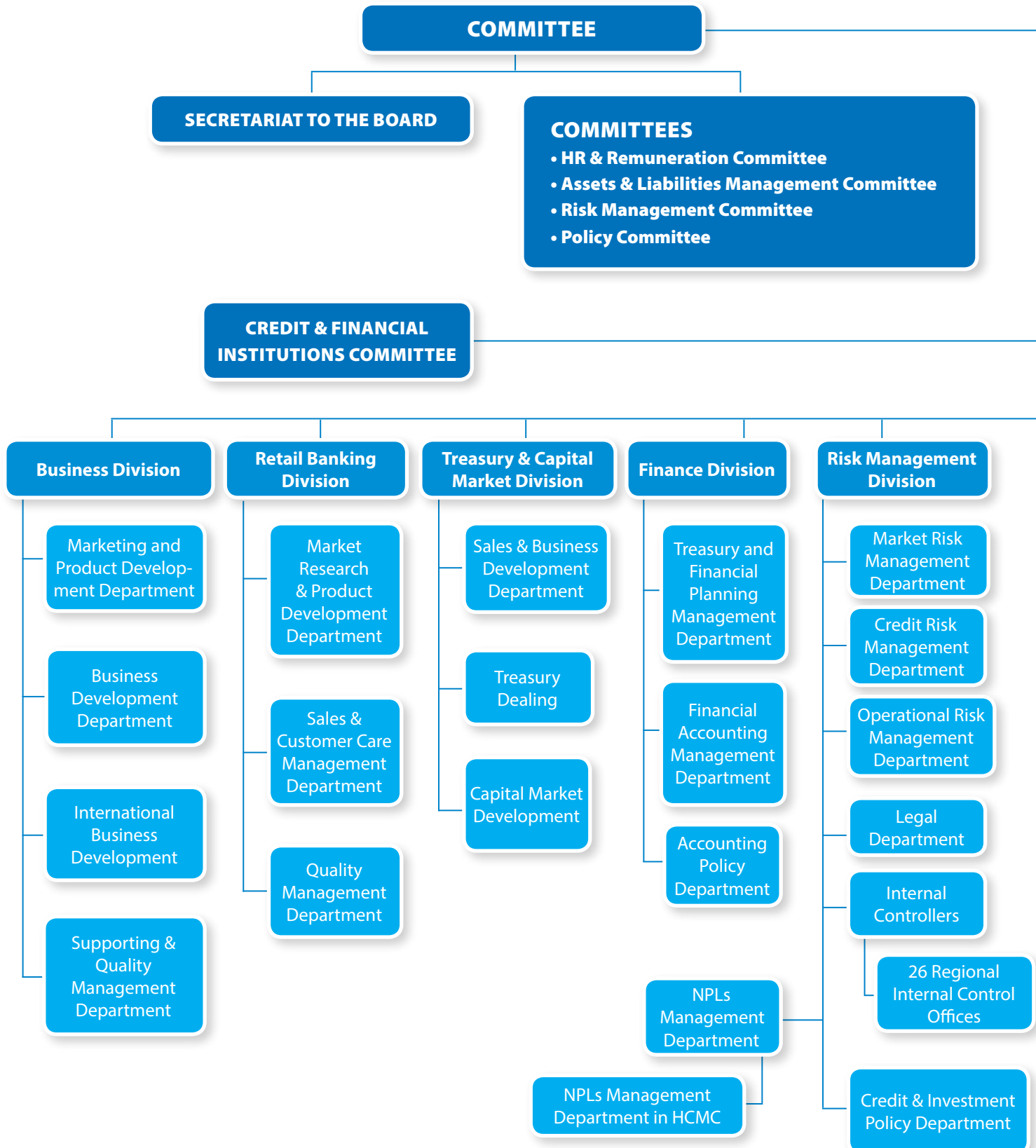
Calculation of remuneration of the BOD and Supervisory Board is 0.29% of net profit after tax. The remuneration was commensurate with the proportion approved at the General Meeting of Shareholders.

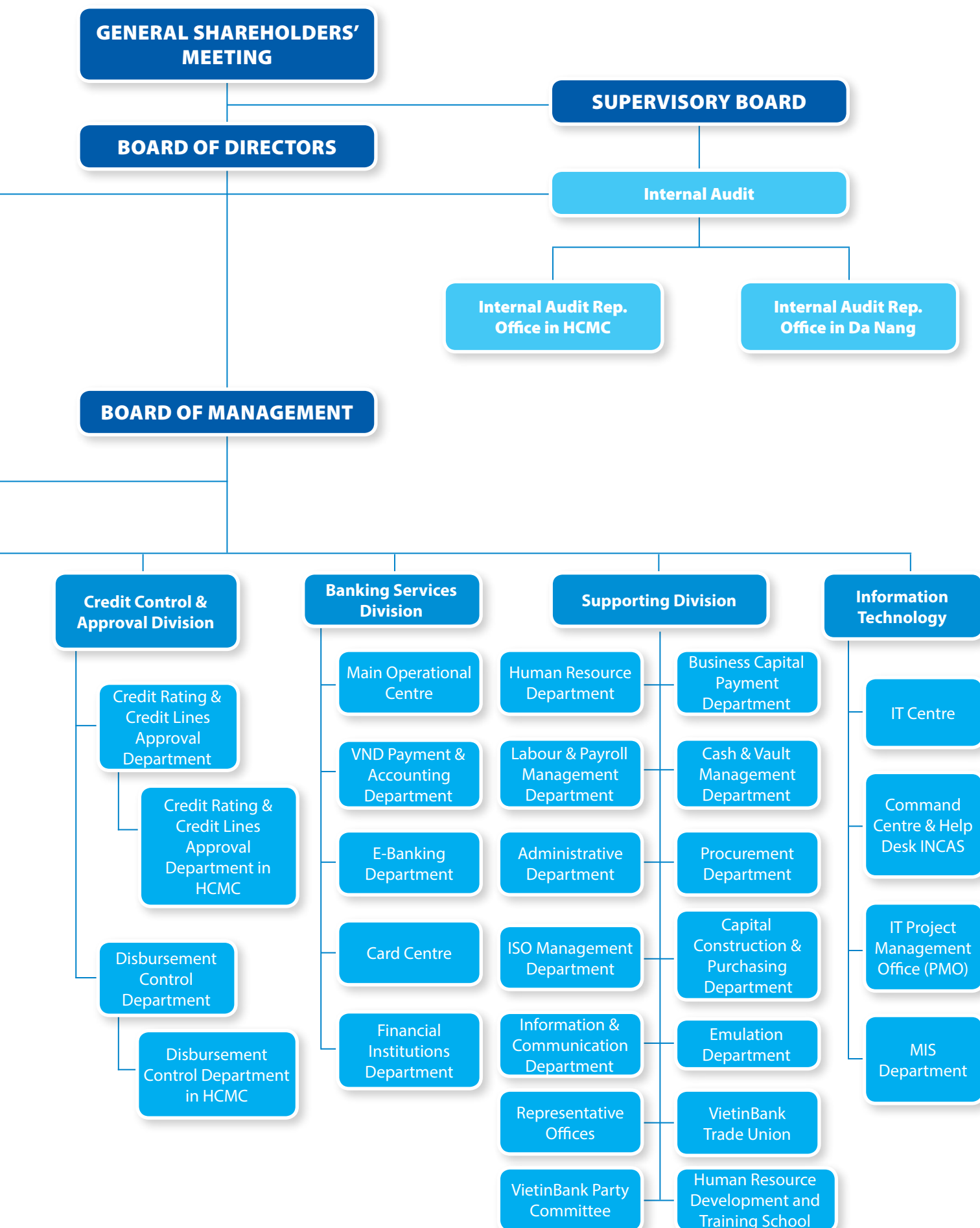
■ Stock transactions done by internal shareholder:

Transaction made by	Relationship with internal shareholder	Opening number of shares owned		Closing number of shares owned		The reason for change in number of shares
		Number of shares	%	Number of shares	%	
Pham Anh Tuan	Deputy General Director	71,716	0.0019	71,716	0.0019	Sell his 71,716 purchase rights which is equivalent to 10,040 new shares)



ORGANIZATION STRUCTURE





COMPOSITION OF THE BOARD OF MANAGEMENT



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List of Board of Management members

Mr. NGUYEN VAN THANG

Member of the BOD and Chief Executive Officer

Mr. Nguyen Van Thang was born in 1973 in Hanoi. He has spent 18 years with VietinBank serving in various capacities including Secretary to General Manager and Deputy Chief of Staff, Deputy Head and Head of Corporate Department, Director of Hanoi Branch, Member of the BOD and Acting General Director. Mr. Nguyen Van Thang was appointed as Member of the Board and Chief Executive Officer in December 2011. He holds a PhD in Economics.

Mr. NGUYEN VAN DU

Deputy General Director

Mr. Nguyen Van Du was appointed Deputy General Director in August 2008. He holds a Master of Economics. Age 52.

Joined VietinBank since the very first days of operation, he has been a devoted individual to the development of the Bank for the past 26 years. Prior to being appointed the role of Deputy General Director, he has held several senior positions including Deputy Director of Foreign Relations Department, Acting Director of Foreign Capital Raising Department, Director of Correspondent Banking Department, Director of Personnel and Training Department.

Mr. PHAM HUY THONG

Member of the BOD and Deputy CEO

Mr. Pham Huy Thong was born in 1979, he holds a Master of Business Administration. Mr. Pham Huy Thong was appointed Deputy CEO and to the Board in 2012.

Joined VietinBank in 2002, he has served as Head of Import-Export Payment Department at Que Vo Branch; Deputy Head of SMEs department at Ba Dinh Branch; Deputy Head and Head of Corporate Department at Hanoi Branch; Deputy Director and Director of Hanoi B and presently he is Deputy General Director.



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List of Board of Management members

Mr. HIROYUKI NAGATA

Member of the BOD and Deputy General Director

Mr. Hiroyuki Nagata was appointed member of the Board in October 2013. He holds a Bachelor of Economics. Age 51. Prior to his joining VietinBank in 2013, Mr. Nagata has a long time experience in corporate banking, he has served as Assistant to Director of BTMU's branch in Bangkok; Head of Japanese Corporate Banking Department; Chief Manager of Corporate Banking Division No. 4, Corporate Banking Group No. 1; Chief Manager of Corporate Banking Credit Division. He is presently BTMU General Manager of Corporate Banking Division No. 3 - Corporate Banking Group No. 1, BTMU and VietinBank Deputy General Director.

Ms. BUI NHU Y

Deputy General Director

Ms. Bui Nhu Y was appointed as Deputy Director of VietinBank in August 2008. She holds a Master of Economics. Age 52

She has over 26 years of experience with VietinBank since the very beginning of the Bank's operation, having held various senior management positions including Deputy Director of Investment Project Management Department, Deputy Director of Project management and medium-term credit Department, Director of Credit Management Department, Director of Credit Policy Department and Director of Corporate Banking Department.

Mr. PHAM ANH TUAN

Deputy General Director

Mr. Pham Anh Tuan was appointed in August 2008. He holds a Master of Business Administration. Age 48.

Ms. Tuan has over 24 years of experience with the Bank, having held senior level positions namely Deputy Director and Director of IT Department - Main Transaction Center II; Deputy Director of IT Department - Representative Office; Director of Information Technology Center.

Mr. NGUYEN DUC THANH

Deputy General Director

Mr. Nguyen Duc Thanh was appointed Deputy General Director in August 2012. He holds a Master in Economics. Age 44.

He joined VietinBank in 2010, as Director of Financial Institutions, managing the Bank's correspondent banking business. Prior to this, he has held several senior positions including Commercial Attaché at the Embassy of Vietnam in the Arab Republic of Egypt, Deputy Director and Secretary of the Minister of Trade, Deputy Director of the Department of Competition Management - Secretary of Minister of Trade, Deputy Director of Competition Management Department - Ministry of Industry and Trade.

List of Board of Management members



Mr. LE THANH TUNG
Deputy General Director

Mr. Le Thanh Tung was appointed Deputy General Director in October 2013. He holds a Master in Banking and Finance. Age 36.

Mr. Le Thanh Tung joined VietinBank in 2003, holding key positions, including Secretariat to the General Director, General Secretariat to the Board of Directors, Deputy Director of the Human Resource & Training Department; Deputy Director in charge, Director of the Planning and ALCO Support Department; Director of Risk Management Division. He is presently VietinBank Deputy General Director and Director of Risk Management Division.



Mr. NGUYEN HOANG DUNG
Deputy General Director

Mr. Nguyen Hoang Dung was appointed in March 2011. He is 52 years old and holds a Master in Monetary Business.

He has over 26 years of experience with VietinBank since the very beginning of the Bank's operation, having held senior level positions including Deputy Director of Supervisory Department, Assistant to Director, Director of Human Resource Department - VietinBank Minh Hai Branch; Director of Business Department, Director of Ho Chi Minh City Transaction Office, Deputy Branch Manager, Branch Manager of VietinBank Ca Mau Branch; Senior Manager.



Mr. NGUYEN HAI HUNG
Chief Accountant

Mr. Nguyen Hai Hung was appointed Chief Accountant in June 2011. He is 42 years old and holds a Bachelor in Economics. Mr. Hung has been with VietinBank for 23 years, holding senior positions such as Deputy Director and Director of Accounting and Payment Department.

■ Changes in members of the Board of Management

No.	Full name	Position	Date of Appointment/Retirement
1	Mr. Hiroyuki Nagata	Deputy General Director	Date of appointment: 14 October 2013
2	Mr. Le Thanh Tung	Deputy General Director	Date of appointment: 14 October 2013
3	Mr. Tran Kien Cuong	Former Deputy General Director	Date of appointment: 01/03/2012 Date of resignation: 01/03/2013
4	Mr. Le Duc Tho	Former Deputy General Director	Date of appointment: 04 April 2010 Date of resignation: 26 August 2013
5	Mr. Vo Minh Tuan	Former Deputy General Director	Date of appointment: 04 April 2010 Date of resignation: 8 October 2013

■ Staff and Labour Policy

The total number of employees as of 31 December 2013 was 19,886. Average number of employees in 2013 was 19,647 (including employees of all subsidiaries, business units, representative offices and employees working on temporary basis).

VietinBank employees are entitled to the following remuneration mechanism:

- Monthly salary is paid based on role and responsibilities of each position, individual capacity and job performance (KPIs);
- Salary and bonuses are linked the achievement and performance of agreed upon tasks as well as employees' contribution to final business results of their respective unit. The position and performance-related pay scheme continues to be an important motivation to our employees and helps to improve labour efficiency. 2013 Statistics show the average salary of VietinBank staff in 2013 reached VND 19.09 million per month;
- Each employee is entitled to full insurance benefits under the law of Vietnam which

ensures the employees' rights to early retirement, sick leave and maternity leave;

- Employees can enjoy various remuneration benefits;
- Employees are provided with equal opportunities to develop careers by being promoted to senior management positions within VietinBank and they are eligible for award consideration.
- Training is made available to all employees to improve their professional competence;
- Employees are also eligible for welfare regimes including holiday vacations and union benefits in case of sickness or other personal and family issues;
- Social Security Retirement Benefits are provided to former employees with 2 month's salary before their retirement date. They are also entitled to annual medical regimes and are funded for retirement activities by the Bank.



STRIVING
FOR SUCCESS

SUSTAINABLE DEVELOPMENT





Economic Growth

VietinBank has experienced an unprecedented growth in assets, business efficiency and thriving banking services which played an important role in the national economic development.

During the period from 2009-2013, VietinBank has confirmed its position as the leading commercial banks in Vietnam contributing to the stability and national economic development. With the highest level of charter capital as well as business efficiency with an NPLs ratio kept well under control, VietinBank is considered the healthiest financial institution in the Vietnamese banking system. At the end of 2013, VietinBank total assets reached VND 576.4 trillion. The average growth rate of total assets in the period from 2009-2013 was 25%. The outstanding loans and investments at the end of 2013 reached VND 536.4 trillion, a growth rate of 14.7% compared to 2012. Funds mobilization reached VND 511.7 trillion, a growth rate of more than 11.2% compared to 2012.

The growth in size was not the only remarkable milestone, as in the market VietinBank has an impressive record with its efficient business activity. In particular, in the post-crisis period from 2012 - 2013, the economy faced major difficulties, many enterprises ceased their production, dissolved, declared bankruptcy or had a high inventory levels, VietinBank proactively reduced its cost and enhanced corporate governance to ensure the highest efficiency in the banking sector. Year-end 2013 profit before tax reached VND 7.751 trillion. The state budget contribution was over VND 4,000 billion. VietinBank was constantly in the top corporate tax paying enterprises in Vietnam.

In terms of capital utilization, VietinBank is one of the largest major fund providers for many national key projects such as the Son La and Lai Chau Hydraulic projects, Ca Mau Gas

- Electricity - Protein, Dung Quat Oil Refinery Factory, Vinasat I Satellite etc. VietinBank's credits made important contributions to promote national economic development and shaping the pattern of local and industrial economic development. At the same time, VietinBank continued to be the partner and share difficulties with the enterprises, proactively reducing the operating costs and lending interest rate to the lowest level for customers.

In terms of funds mobilization, VietinBank (with its prestige as a State commercial bank) has become one of the banks with the largest market shares with funds being mobilized from individuals and domestic organizations. Also, in order to satisfy the funds demand for domestic development, VietinBank has been successful in overseas funds mobilization with syndicated and bilateral loans from major banks all over the world such as SMBC, Standard Chartered etc. In May 2012, VietinBank became the first bank in Vietnam to successfully issue \$250 million in international bonds which was listed on Singapore Stock Exchange. In the context of the difficult international market, the success of this issuance demonstrated the confidence that international investors placed on VietinBank in particular and will create opportunities for other businesses in Vietnam in general.

This was also a period of strong growth in domestic and international payment services, both in quantity and quality; from diversified and multiple distribution channels of payment services and products to centralized payment model and solutions with increasing automation level.

MODERN INFRASTRUCTURE AND TECHNOLOGY INVESTMENT

VietinBank has always recognized the importance of a comprehensive technology infrastructure for head office and branches. During the period from 2009-2013, the total number of capital construction projects that were put into use was 82, of which 39 of those were the branches' head offices projects and 43 of those were the transaction offices projects. The key projects included 02 branch offices in Germany, 01 branch office in Laos and the Human Resource Development and Training School in Van Canh district etc. The total number of projects currently under construction are 52, many of them considered key, such as VietinBank's representative office at 93-95 Ham Nghi Str. - Ho Chi Minh City; the representative Office in Da Nang, 25 Ly Thuong Kiet project, VietinBank Human

Resource Development and Training School in Hue etc. The VietinBank Tower project in particular must be mentioned as it is the long-term headquarter which was built on an area of 31.000 sq.m in the West Lake Urban Complex - Ciputra in 2010. With VietinBank Tower, VietinBank is the first bank to construct the modern top-class financial and banking complex in Southeast Asia confirming its position in the domestic financial markets and gradually realizing VietinBank's development strategy toward becoming a leading multi-functional bank in Vietnam and the region. In addition, the investment preparation process of more than 100 branches and transaction offices projects are being step by step finalized in order to serve growing business demand.

RISK MANAGEMENT

VietinBank has driven numerous initiatives in comprehensive renovation and modernization during 2009 to 2013. The enhancement of corporate governance, risk management capabilities as well as communication activities in promoting our brand name with innovative products and services were subject of these renovation initiatives. Under the firm guidance of executive management, VietinBank pushed through various initiatives to follow best practices while still ensuring conformity with practical needs. The corporate governance and risk management approach were upgraded and completed to ensure proactive risk governance and management in every aspect of normal business operations and laying a foundation for future sound development.

Vietinbank has a robust and increasingly sophisticated risk management framework. The BOD has aimed to conduct the Risk Governance and Management Capacity Project in compliance with Basel II. We have adopted a centralized approached to risk manage through the incorporation of the Risk Management Division in January 2013. The central unit with specific duties and functions

has improved the efficiency of our risk management activities at the consolidated and the local level. The Internal Audit Department and Internal Control Department are now separated according to Principle of the Three (3) Lines of Defense of the Basel Committee. We remain fully committed to enhancing the Banks' business modernization. The Project Management Office (PMO) with a group of devoted staff was created with a specific road map for compliance with Basel 2.

Other projects associated with risk management modernization are also being implemented in parallel. In conformity with the Basel II standards in managing credit risk, we have implemented the Foundation Internal Ratings Based (FIRB) approach, which was derived from Basel II itself. The project is considered the fundamental credit risk management system, provides VietinBank with a robust foundation to strictly control system credit quality from the organizational structure to credit approval and risk management process. In addition, VietinBank adopts various risk measurement tools which we ensure in line with best practices in risk management

approach and innovative technology. With regards to market risk, liquidity risk and interest rate risk, in 2011, our risk management group have driven numerous initiatives by conducting important researches, coupled with scenario analyses and with positive results, we successfully developed and implemented the FTP (Fund Transfer Pricing) system by matching each delivery period to each transaction, all conforming to international best practices. This was a significant milestone to show how far and capable our technology and management are. It is a very helpful tool to improve business operation efficiency while proactively managing liquidity risk and interest rate risk via financial incentives mechanism instead of The Law of One Price mechanisms used before. This approach is highly recommended taking into consideration the advantages it gives in improving internal control as well as the Bank's operational efficiency given the current volatile market conditions.

Following the success of FTP project, in 2012, VietinBank continued to research and develop the Asset & Debt Management System (ALM) which analyzes and forecasts cash flow. This project, accompanied with stress testing and scenario analyses under liquidity risk and interest rate risk in order to enhance our risk governance and management in line with Basel II standards.

The FTP and ALM systems have created a modern and synchronizing tool in helping the Bank to manage its interest rate risk and liquidity risk in accordance with the best practices in risk management approaches of the world's leading banks. In 2013, with regards to the market risk management activity in the proprietary trading book, VietinBank successfully implemented the MX.3 Murex system as well as developed the Market Risk management operations and policies to closely manage and control the operational activity on capital markets to effectively ensure safe business performance. In terms of operational risk management, the SAS Oprisk Monitor system, which was launched in 2011 recognizes the operational risk incidents that occurred across the system, analyzed the causes, controlling/minimizing solutions and future actions to be done in the next operational risk management cycle. Detailed Oprisk analysis and comprehensive risk assessment coupled with the development of effective methodologies and tools to ensure Oprisk incident is identified, reported, monitored and mitigated. We follow best practice approaches such as RCSA, KRI and other risk scenario analysis according to Basel Committee's standards.

COMPLETING THE ORGANIZATIONAL STRUCTURE AND HUMAN RESOURCE DEVELOPMENT

VietinBank continues to consolidate its organizational structure and operating model with the launch of the Organizational Restructuring Project (ORP) on December 2/2013 consulted by the two leading companies – McKinsey and Ernst&Young. VietinBank established and strengthened divisions under the vertical administration model: Retail Banking Division, Corporate Banking Division, Investment Banking Division, International Banking Division, Risk Management Division, IT Division, Finance Division, Operations Division, Human Resources Division, Support Division, Marketing Division to ensure and meet management requirements of a modern bank; clarify the strategic management and risk management role of the Board of Directors and the executive role of the executive levels.

VietinBank focuses on the development of Human Resources (HR). Ongoing staff assessment, staff planning and development activities have achieved positive results. With the system of internal Administration Regulation, staff Management Regulation, Labor Regulations, corporate culture Handbook, salary mechanism associated with the KPI; HR work has clearly defined responsibilities for senior management, the Party committee members, immediate supervisors and officers.

VietinBank has comprehensively renewed its staff assessment method (associated with performance (KPI), salaries, bonuses and other remuneration); the assessment results are associated with the appointment term, reappointment, the staff resources

planning, training and development activities; renew the recruitment method using online or paper-based system-wide technical examinations; appointment and staff planning will be associated with the results of public internal examination.

Developing, renewing the Bank's policy to attract talent and experts from developed countries to join and contribute in VietinBank's system; refreshing corporate culture and mindset for each employee toward customer-centric focus, blending innovation with development and a risk prevention culture for each employee across the system.

Regarding personnel, the key management team including senior managers, middle managers of the Headquarter and branches' departments/units is consolidated, reorganized towards rejuvenation and quality-focused with professional qualifications, practical experience, and comprehensive management skills.

Employees in divisions are also consolidated, reorganized under regional and centralized management structure. With centralization and specialization in recruitment, training and development, employees over the entire system are carefully employed and selected, including young staff with qualifications and showing high capacity. In personnel management, VietinBank

applies People Soft human resource and payroll management program, managing information of each staff by the modern technology system along with the KPI management and 360-degree evaluation program to support comprehensive management of human resources and closely in alignment with the business strategy of the Bank.

VietinBank has built and developed a quality staff with qualifications and high professionalism. At the headquarter, the officers with graduate level account for over 20% (453 officers), compared to only 01 staff having master degree at the date of establishment and more than 300 staff graduating from overseas.

As of 2013, VietinBank had a headcount of 19,886 of which staff earning doctoral, masters and undergraduate degrees from domestic and international prestige universities account for 80%, of the total, an increase of 70% compared to the date of establishment (with only 10% staff graduated from colleges or universities).

After the journey of a quarter of a century for building and development, VietinBank is entering the global "playing field" with a young, enthusiastic, dynamic, creative and visionary and full-of-aspiration staff, helping VietinBank to become a modern, multi-functional, comprehensive commercial bank in the region.

INNOVATION AND DEVELOPMENT OF MODERN IT SYSTEMS, PROMOTION OF COMMUNICATION ACTIVITIES

With the consultancy from IBM, VietinBank has completed the overall IT strategy until 2015. This was the foundation to enhance VietinBank's competitiveness in the context of increasing domestic competition and international integration. The deployment and monitoring progress of this modernization project were standardized to conform to the world's top project management standards. VietinBank is currently implementing in parallel 19 operating modules. The important projects are: the Core banking replacement project, Project Data Warehouse, MIS Project, LOS projects and the establishment of Project Management Office

(PMO). VietinBank's objective is to effectively apply technology in banking operations in order to provide the best banking services to meet and satisfy customer needs, to create a competitive advantage and potential business flexibility, especially to support the global expansion capability of the Bank. The period has also witnessed a remarkable innovation of Vietinbank through media activities, branding, marketing of products and service which contributes to the overall success of the system. Media Tenor International has assessed and rewarded "The Most Positive Bank of Communications" to VietinBank.

Messages from Strategic Shareholders

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD – BTMU

The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”) is Japan’s largest bank with nearly 1,500 offices nationwide and also one of the world’s largest banks with offices in approximately 50 countries. BTMU is well-known for its financial strength, stability, global reach, trustworthiness, and contribution to society. Currently, BTMU is VietinBank’s strategic investor with two seats in the Board of Directors. In addition, BTMU provides technical support to VietinBank for further development of its banking operations and management through the provision of BTMU’s expertise in various areas such as Risk Management, Retail Banking, and Corporate Banking.



Message from Mr. Takashi Morimura

**Deputy President, Chief Executive, Global Business Unit
The Bank of Tokyo – Mitsubishi UFJ, Ltd**

First of all, I would like to take this opportunity to congratulate VietinBank, its management team, the employees, and all relevant parties, on marking its 25th anniversary.

In the last quarter century, we have seen a dramatic change in wealth distribution across the globe, with the advance of Asia’s presence being most notable to everyone. Vietnam has no doubt being one of the most successful Asian countries that has achieved formidable growth over this period since Doi Moi was introduced.

We understand that VietinBank, inceptioned a few years after the launch of Doi Moi, has demonstrated itself to be not only a beneficiary of but, much more, a great contributor to the country’s success. BTMU decided to become VietinBank’s strategic partner with the belief that VietinBank would continue to be the winner in the Vietnamese financial sector. The belief was formed not only because of such tangible factors as its financial performance but also because of what we’ve found in the bank’s non-tangible strengths, particularly those strengths associated with people. Most impressive to us has been the exceptional character shown by those at VietinBank.

During the course of events leading to the signing of the share subscription agreement at the end of last year, we soon came to recognize the strong commitment and determination of VietinBank’s management to make the bank excel by benchmarking global standards. We were impressed by the exceptional dedication and perseverance of its employees at all levels who have lead and supported the whole process necessary for the successful transaction. We noted that VietinBank’s partners, including the State Bank of Vietnam and IFC and their individual professionals, are all integral parts of VietinBank’s past and future success.

We feel honored to get on board with VietinBank along with those existing committed participants that constitute this institution, an institution representing Vietnam, precisely at the time VietinBank is celebrating its placing of a memorable cornerstone. It is our great privilege to join in contributing to the concerted efforts of laying the next future cornerstone, a significant one with whatever available expertise and experience we have to offer. It is indeed an opportunity for BTMU to now join hands with VietinBank.

INTERNATIONAL FINANCIAL CORPORATION - IFC

IFC, a member of the World Bank Group, is an international organization whose mission is to promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives. IFC is currently a strategic investor to VietinBank. In addition to the investment, IFC has supported VietinBank, through a strategic advisory cooperation, to have successfully developed and implemented new standards and approaches for Risk Management, Corporate Governance, SME Banking and Energy Efficiency Finance.

Message from Mr. Simon Andrews

Regional Manager, Cambodia, Lao PDR, Thailand & Vietnam



On behalf of IFC, congratulations to VietinBank for a quarter century of service to the people and development of Vietnam. As close friends and committed partners in VietinBank, we are proud to share in your joy of this achievement.

VietinBank has been a leading force in business creation and growth, fostering Vietnam's entrepreneurs, enterprises, and overall economy. This booklet pays tribute to and enumerates these successes.

It has been my privilege to work with VietinBank on two of VietinBank's recent milestones:

In January 2011, IFC and the IFC Capitalization Fund signed off on an investment in VietinBank of US\$ 311 million (including US\$ 186 million in equity). This was a milestone of our own as well, as it marked the largest equity investment relationship by IFC to date.

The second milestone followed shortly after the first. In March 2012, VietinBank welcomed the Bank of Tokyo-Mitsubishi UFJ as a suitable strategic partner. By December, we celebrated the Bank of Tokyo-Mitsubishi UFJ's investment commitment of US\$ 743 million for a twenty percent stake in VietinBank. Both the Bank of Tokyo-Mitsubishi UFJ's presence and our investment are proof of the confidence we have in VietinBank. These milestones make it possible for VietinBank to advance its privatization and regional expansion plans.

The timing of this is critical, both for VietinBank and for the sector at large. IFC has been in Vietnam for sixteen years, working to enable Vietnam's entrepreneurs and its private sector to flourish and drive development. We believe that banks are the conduit to growth and that access to finance is that fastest way to stimulate equitable development. Vietnam's private sector dominates the economy in terms of employment and investment, but Vietnam's financial systems are still in transition. Organizational structures, distribution channels, and available credit are failing to keep pace. Large portions of the urban population are underserved or excluded. These inefficiencies have been further exposed by the effects of global economic instability, prompting investors to pull back.

VietinBank, with its large network and customer base, is well positioned to benefit from Vietnam's continued growth. Going forward, we are pleased to be playing a role in elevating the Bank's corporate governance and risk management practices, which should lead to more long-term quality investment. We are keen to help VietinBank develop as a market leader in key new areas including agribusiness, energy efficiency, and small and medium enterprise financing. We also expect to compliment VietinBank's expansion strategy with our market presence throughout the region. In short, as bright as the first twenty-five years have been, we feel that VietinBank has an even brighter future ahead.

Investor Relations

VietinBank was ranked in top 5 listed companies with the best investor relations' activity (IR) in the stock market in 2013 held by Vietstock.



VietinBank not only managed to get in the top 5 listed companies having the most effective IR activity but VietinBank was also the only bank to achieve this title.

VietinBank's information disclosure is not only provided in the most timely and comprehensive manner, but VietinBank was also considered one of the most proactive banks in terms of the information transmission to investors, which is reflected through many poll results from thousands of investors across the country.

At VietinBank, our top priority focuses on the shareholders and investors. We always make sure that the implementation of the information disclosure is timely, transparent, regular and professional as regulated by law. The information is available for public viewing on both the bank's website and on the Ho Chi Minh Stock Exchange (HOSE).

In addition to the disclosure, we also regularly update information about our financial position and business performance through official electronic portals between VietinBank and the investors community (website: www.investor.vietinbank.vn). Through a quality investment for the investors' website, VietinBank has further confirmed its position as the leading financial institution in professional IR activities in securities market.

In 2013, VietinBank's Investor Relations team conducted a number of information exchange sessions with the investor community through meetings with approximately 60 investment funds, securities firms and analysts at home and abroad. Along with the transparent disclosure of information and significant business performance, VietinBank's contributions in IR activities is a great motivation to the local investment community.

Social and Community

VietinBank - 25 years of development marked an important step of a commercial bank with a leading role in Vietnamese commercial banking system. In harmony with the continued development and renovation of the country, VietinBank has not only contributed record results in business performance and social economic development, but also at the forefront in social welfare. VietinBank footsteps are imprinted in almost 63 provinces and cities across the country and left a deep and positive impression of VietinBank's generosity and integrity in the community.

Corporate Social Responsibility

"Unity, cooperation, and social responsibility sharing" and "Enhance business for the development of community" are some of our business philosophies and motto. In recent years, apart from performing the political duties assigned by The Party, Government and State authority, VietinBank has always been a positive pioneer leading the country to carry out more charity work for social security as well as assisted the discharging of responsibilities with the Party, the Government and local authorities. It is a great honour to reach out further into the community through more charity work and volunteer programmes and by doing so we are fulfilling an important political priority.

To date, we have spent over VND 3 trillion which is taken from the Welfare Fund, part of annual operating expenses and voluntary contributions of nearly 20,000 employees to support the under-privileged citizens. Many programmes have been extended to cover housing projects, public services projects, health, education, national defense supports, implementation of the island strategy and gratitude etc. in almost 63 provinces across

the country. 26 thousand houses have been constructed and evenly distributed to needy families from different districts and communes of many provinces. We also have built 829 bridges and rural roads; 09 water supply systems and reservoirs for the people of the mountainous areas; 50 disaster prevention combining community buildings in the provinces; 390 kindergarten, primary and high school facilities; 384 classrooms and boarding schools for ethnic students, 04 sponsored center for disabled children, orphans, supporting the poor small-holder farmers with nearly 1,600 cattle to help increase production.

Additionally, VietinBank has also sponsored 250 innate cardio-surgery cases and 300 ocular surgeries for poor children; donated 500 deposit certificates to the poor, orphans and disabled children; 14,200 pairs of lifesaver for children in riverside communities; over 2,000 wheelchairs for disabled children and nearly 10,000 scholarships for under-privileged children with good academic record. VietinBank has provided financial support to over 500 orphans and homeless children, each is granted VND 500,000 per month in order to help them attend classes. Finally, 73,000 meals were donated to seriously ill patients at the Children Central Hospital.

In health sector, in order to improve the infrastructure and health care conditions for the people, VietinBank has invested to build 54 health care centers, 1 clinic and 1 medical college; donated 197 ambulance cars, specialized blood donation vehicles and 7 seater vehicles used exclusively to serve the medical staff rotation according to Project No. 1816 of the Ministry of Health. Many other equipment, medical supplies

including versatile beds, medicine cabinets, high frequency ventilators, power generators, endoscopy, ultrasound, X-rays, surgical systems and patient monitor etc... and other modern medical equipment were provided for central, provincial, district hospitals and commune health stations.

In Gratitude activity, VietinBank has taken a life care of 265 Vietnamese Heroic Mothers. Currently, only 88 of them are still alive. VietinBank also pays regular visit and support monthly allowances for seriously wounded veterans in nursing centers; to embellish and upgrade nearly 60 martyrs' cemeteries, the stone house, national hero monuments and other historical vestiges etc.... We support the Agent Orange victims, disabled children through many volunteer campaigns, other charity programmes such as the Gold Bell Program were also initiated to support the natural disasters and flood victims. In particular, with regards to the implementation of the "2020 Islands Strategy" in the spirit of the National Resolution No. 4, VietinBank sponsored VND 60 billion for the Navy Command to build the Nam

Yet Island Cultural Center in Spratly Islands which was inaugurated and put into use on the same year. In 2013, VietinBank continued to build 4 water reservoirs on the sink islands, 1 multifunctional cultural house on Da Lon B Island and 1 FM radio station on Spratly Islands which contributed to enrich the life, culture and spirit for staff and soldiers on the island. VietinBank also broke the Vietnam record for the number of people participating in a blood donation in 10 provinces and cities across the country with over 8,000 blood units collected after this donation

The elevated human values

VietinBank's unceasing efforts in recent years have brought tremendous success in promoting the successful implementation of major policy of the Party and Government for social welfare and gratitude, particularly with Decree No. 30a on hunger eradication and fast and sustainable poverty reduction. After receiving on-going support from VietinBank, many poor communes and districts in provinces including Phu Tho, Ha Giang, Tuyen Quang, Cao Bang, Bac Kan, Lang Son, Quang Tri, Tra Vinh, Soc Trang, Ca Mau, Bac

SOCIAL AND COMMUNITY



Lieu, Can Tho and Ben Tre and other local states in the country, these places have changed remarkably in their appearance, physical life and culture. The spirits of poor families have been enhanced. Many poor citizens now have a home to stay and their health conditions are well taken care of. Children from these areas have good living conditions, spacious school facilities for sustainable learning environment. Especially in Gratitude activities, VietinBank showed our sympathy and caring to many Vietnamese Heroic Mothers, war invalids and martyrs, it shows a responsibility and deep gratitude to the sacrifice and devotion of previous generations for the peace they gave us today.

That gesture of the VietinBank leaders and staff carried profound human values, creating a distinct culture in VietinBank only. From the heart-to-heart activities to many other responsible sharing in the hope of eradicating hunger and alleviating poverty has further deepened our presence in Vietnam. We are becoming more well-known in every part of the country and proudly receive wholehearted support and favourable operating environment

from many local authorities, organizations, and people across the country. In each local area, our branches are confident to operate more efficiently. We continue to enhance our client confidence and loyalty and we are committed to meet the needs of socio-economic development for many years to come.

We are particularly proud to have been complimented by the Party, the State, the Government, local leaders and the community for the efforts and contributions made. This is evidenced through the Merits from the Prime Minister, Ministry of Labor, Invalids and Social Affairs, Ministry of Health, the Golden Cup for community development, the excellent emulation flag of the Vietnam Labor Union, Certificate of People's Committees of numerous provinces and cities across the country etc. These prestige awards were presented to all our business units and individuals, together with gratitude, great joy and excitement from local authorities, organizations and people all across the country who benefited from our practical and timely support.



CONSOLIDATED FINANCIAL STATEMENTS

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STATEMENT OF THE BOARD OF MANAGEMENT

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

BOARDS OF DIRECTORS AND MANAGEMENT

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

Board of Directors

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

Board of Management

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

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

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

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

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Bank and that the consolidated financial statements comply with Vietnamese Accounting Standards, Accounting Regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Management,



Nguyen Van Thang
General Director

Hanoi, 20 March 2014

INDEPENDENT AUDITORS' REPORT

No: 867/VN1A-HN-BC

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

We have audited the accompanying consolidated financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade (the "Bank"), prepared on 20 March 2014 as set out from page 5 to page 72, which comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

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

INDEPENDENT AUDITORS' REPORT (Continued)

EMPHASIS OF MATTER

Without qualifying our opinion, we would like to draw attention to Note 54 "Contingent liabilities" of the Notes to the consolidated financial statements. The People's Court of Ho Chi Minh city prosecuted and sentenced the Bank's former employees of Ho Chi Minh City branch and Nha Be branch of the Bank (including Huynh Thi Huyen Nhu) for alleged misappropriation of assets by means of fraudulence and other charges in the first instance criminal court. In terms of civil responsibilities, Huynh Thi Huyen Nhu was ordered to pay compensation to the defrauded organisations and individuals victims and the Bank neither has compensation obligation, jointly liable nor incurs any financial loss with regards to the illegal actions of these individuals mentioned above. Currently, the judgment is being appealed against in the first instance by some of litigating participants. According to the code of criminal legislation and criminal procedure code, the appeal court shall be conducted if the judgment of the first instance court is appealed. Therefore, in this case, the legal responsibilities and obligations of related parties will be determined only when the appeal court has been completed with an effective judgement. However, based on the result of reconciliation, review and examination procedures conducted up to the date of these consolidated financial statements, the Bank's management believes that the Bank neither is jointly liable for nor incurs any financial loss with regards to the illegal actions of the above-mentioned individuals.



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

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

20 March 2014
Hanoi, S.R. Vietnam



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

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

FORM B 02/TCTD-HN

Unit: Million VND

NO.	ITEMS	NOTES	31/12/2013	31/12/2012
A.	ASSETS			
I.	Cash, gold and gemstones	5	2,833,496	2,511,105
II.	Balances with the State Bank of Vietnam ("SBV")	6	10,159,564	12,234,145
III.	Placements with and loans to other credit institutions	7	73,079,476	57,708,302
1.	Placements with other credit institutions		59,520,681	21,457,717
2.	Loans to other credit institutions		13,661,254	36,432,503
3.	Provision for credit losses of loans to other credit institutions		(102,459)	(181,918)
IV.	Trading securities	11	655,067	274,553
1.	Trading securities		657,693	284,267
2.	Provisions for impairment of trading securities		(2,626)	(9,714)
V.	Derivative financial instruments and other financial assets	8	164,334	74,451
VI.	Loans to customers		372,988,742	329,682,838
1.	Loans to customers	9	376,288,968	333,356,092
2.	Provisions for credit losses of loans to customers	10	(3,300,226)	(3,673,254)
VII.	Investment securities	12	83,002,468	73,462,307
1.	Available-for-sale investment securities		80,627,909	71,126,639
2.	Held-to-maturity investment securities		2,586,748	2,450,000
3.	Provisions for impairment of investment securities	13	(212,189)	(114,332)
VIII.	Long-term investments	14	3,113,083	2,771,133
1.	Investments in joint-ventures		2,795,383	2,444,848
2.	Other long-term investments		321,108	327,109
3.	Provisions for impairment of long-term investments		(3,408)	(824)
IX.	Fixed assets		7,080,388	5,276,653
1.	Tangible fixed assets	15	3,464,589	2,971,038
a.	Cost		7,328,188	6,676,954
b.	Accumulated depreciation		(3,863,599)	(3,705,916)
2.	Finance lease assets		-	-
a.	Cost		-	49
b.	Accumulated depreciation		-	(49)
3.	Intangible assets	16	3,615,799	2,305,615
a.	Cost		4,078,806	2,643,702
b.	Accumulated amortisation		(463,007)	(338,087)
X.	Other assets		23,291,798	19,534,772
1.	Other receivables	17	10,487,749	9,454,662
2.	Interest and fee receivables		10,035,489	7,943,559
3.	Other assets	18	2,782,048	2,146,201
- In which: Goodwill		19	9,982	11,798
4.	Provisions for impairment of other assets		(13,488)	(9,650)
TOTAL ASSETS			576,368,416	503,530,259

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2013

FORM B 02/TCTD-HN

Unit: Million VND

NO.	ITEMS	NOTES	31/12/2013	31/12/2012
B.	LIABILITIES AND OWNERS' EQUITY			
I.	Borrowings from the Government and the SBV	20	147,371	2,785,374
II.	Deposits and borrowings from other credit institutions	21	80,464,749	96,814,801
1.	Deposits from other credit institutions		31,865,823	19,983,410
2.	Borrowings from other credit institutions		48,598,926	76,831,391
III.	Deposits from customers	22	364,497,001	289,105,307
IV.	Grants, trusted funds and borrowings at risk of the credit institution	23	32,424,519	33,226,708
V.	Valuable papers issued	24	16,564,766	28,669,229
VI.	Other liabilities	25	27,982,425	19,088,467
1.	Accrued fee and interest expenses		4,365,827	3,615,577
2.	Other payables and liabilities		23,111,685	14,982,079
3.	Other provisions		504,913	490,811
	TOTAL LIABILITIES		522,080,831	469,689,886
VII.	Capital and reserves	27	54,074,666	33,624,531
1.	Capital		46,205,524	26,219,755
a.	Charter capital		37,234,046	26,217,545
b.	Share premium		8,971,478	2,210
2.	Reserves		3,374,995	2,433,966
3.	Foreign exchange reserves		317,641	302,101
4.	Retained earnings		4,176,506	4,668,709
VIII.	Minority interests	27	212,919	215,842
	TOTAL LIABILITIES AND OWNERS' EQUITY		576,368,416	503,530,259

OFF-BALANCE SHEET ITEMS

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

Preparer



Ha Quang Vu
Head of Financial Accounting
Management Department

20 March 2014

Approver



Nguyen Hai Hung
Chief Accountant

Approver



Nguyen Van Du
Deputy General Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

FORM B 03/TCTD-HN

Unit: Million VND

NO.	ITEMS	NOTES	2013	2012
1.	Interest and similar income	28	44,280,823	50,660,762
2.	Interest and similar expenses	29	(26,003,568)	(32,240,738)
I.	Net interest income		18,277,255	18,420,024
3.	Income from services		2,096,679	1,855,358
4.	Expenses on services		(576,553)	(577,135)
II.	Net profit from services	30	1,520,126	1,278,223
III.	Net gain from trading foreign currencies	31	291,450	361,688
IV.	Net gain from trading securities	32	18,930	34,156
V.	Net gain from investment securities	33	8,033	515,883
5.	Other operating income		1,931,677	1,330,576
6.	Other operating expenses		(436,531)	(144,977)
VI.	Net profit from other activities	34	1,495,146	1,185,599
VII.	Income from capital contribution, equity investments	35	172,759	165,954
VIII.	Operating expenses	36	(9,909,654)	(9,435,673)
IX.	Net profit from operating activities before credit provision expenses		11,874,045	12,525,854
X.	Provision expenses for credit losses	37	(4,123,423)	(4,357,954)
XI.	Profit before tax		7,750,622	8,167,900
7.	Current corporate income tax expense	38	(1,942,644)	(1,998,221)
XII.	Corporate income tax expense	38	(1,942,644)	(1,998,221)
XIII.	Profit after corporate income tax		5,807,978	6,169,679
XIV.	Minority interests		15,529	18,134
XV.	Profit attributable to the owners of the Bank		5,792,449	6,151,545
XVI.	Earnings per share (VND)	39	1,504	2,053

Preparer



Ha Quang Vu
Head of Financial Accounting
Management Department

20 March 2014

Approver



Nguyen Hai Hung
Chief Accountant

Approver



Nguyen Van Du
Deputy General Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

FORM B 04/TCTD-HN

Unit: Million VND

NO.	ITEMS	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
01.	Interest and similar income	42,191,450	49,381,834
02.	Interest and similar expenses	(25,292,411)	(33,460,084)
03.	Income from services	1,547,844	1,278,223
04.	Net gain from trading foreign currencies, gold and trading securities	493,474	754,034
05.	Other (expenses)	(112,156)	(69,822)
06.	Receipts from debts written-off or paid off by risk fund	1,264,542	1,255,421
07.	Payments to employees and for operating management	(8,910,917)	(9,922,929)
08.	Corporate income tax paid	(2,279,367)	(2,155,454)
	Net cash from operating profit before movements in assets and working capital	8,902,459	7,061,223
	Movement in operating assets	(57,264,883)	(54,838,980)
09.	Decrease/(Increase) in deposit at and loans to other credit institutions	2,412,018	(10,233,733)
10.	(Increase) in trading securities	(10,674,243)	(1,809,525)
11.	(Increase) in derivatives and other financial assets	(89,883)	(54,215)
12.	(Increase) in loans to customers	(42,932,876)	(39,921,780)
13.	(Increase) in provision for losses	(4,576,049)	(3,597,412)
14.	(Increase)/Decrease in other operating assets	(1,403,850)	777,685
	Movement in operating liabilities	50,652,387	38,918,514
15.	(Decrease) in borrowings from the Government and the State Bank of Vietnam	(2,638,003)	(24,508,359)
16.	(Decrease)/Increase in deposits and borrowings from other credit institutions	(16,350,052)	22,198,608
17.	Increase in deposits from customers (including State Treasury)	75,391,694	27,441,108
18.	(Decrease)/Increase in valuable papers (excluding valuable papers charged to financial activities)	(12,104,463)	17,580,112
19.	(Decrease) in grants, trusted funds and borrowings at risk of the credit institution	(802,189)	(3,389,520)
20.	Increase/(Decrease) in other operating liabilities	7,155,530	(403,206)
21.	Cash outflows from reserves of the credit institution	(130)	(229)
I.	Net cash from/(used in) operating activities	2,289,963	(8,859,243)
CASH FLOWS FROM INVESTING ACTIVITIES			
01.	Acquisition of fixed assets	(3,225,179)	(6,111,570)
02.	Proceeds from sales, disposal of fixed assets	7,322	6,710
03.	Expenses on sales, disposal of fixed assets	(6,844)	-
04.	Investment in other entities	(296,869)	(62,529)
05.	Proceeds from investments in other entities	5,000	13,860
06.	Dividends and profit received from long-term investments and capital contribution	339,294	30,502
II.	Net cash (used in) investing activities	(3,177,276)	(6,123,027)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2013

FORM B 04/TCTD-HN

Unit: Million VND

NO.	ITEMS	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
01.	Increase in share capital from issuing stocks	19,985,769	-
02.	Dividends paid	(4,194,807)	(79)
III.	Net cash from/(used in) financing activities	15,790,962	(79)
IV.	Net increase/(decrease) in cash	14,903,649	(14,982,349)
V.	Cash and cash equivalents at the beginning of the year	59,313,988	74,294,399
VI.	Effects of changes in foreign exchange rates	(1,653)	1,938
VII.	Cash and cash equivalents at the end of the year (Note 40)	74,215,984	59,313,988

Preparer



Ha Quang Vu
Head of Financial Accounting
Management Department
20 March 2014

Approver



Nguyen Hai Hung
Chief Accountant

Approver



Nguyen Van Du
Deputy General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. GENERAL INFORMATION

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

Establishment and operation

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

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

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

Charter capital

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

On 18 October 2010, the Bank completed its share issuance with 391,931,841 shares additionally issued, of which 76,848,603 shares were issued in form of share dividend payment and 315,083,238 shares were sold to the Bank’s shareholders.

On 10 March 2011, the Bank completed its share issuance to a strategic shareholder with the total number of new issued shares of 168,581,013.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. GENERAL INFORMATION (Continued)

The branch network

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

Subsidiaries

As at 31 December 2013, the Bank has seven (7) subsidiaries as follows:

No.	Name	Established in accordance with Decision No.	Business Sector	% of ownership held by the Bank
1	Vietinbank Leasing Company Ltd.	0101047075/GP dated 10 March 2011 by Hanoi Planning and Investment Department	Banking and finance	100%
2	Vietinbank Securities Joint Stock Company	107/UBCK-GP dated 01 July 2009 by State Securities Commission of Vietnam (SSC)	Capital market	76%
3	Vietinbank Debt Management and Asset Exploitation Company Ltd.	0302077030/GP dated 20 July 2010 by Department of Planning and Investment of Ho Chi Minh City	Asset management	100%
4	Vietinbank Insurance Company Ltd.	21/GPDC6/KDBH dated 21 April 2009 by the Ministry of Finance	Non-life insurance	100%
5	Vietinbank Gold and Jewellery Trading Company Ltd.	0105011873/GP dated 25 November 2010 by Hanoi Planning and Investment Department	Gold and gemstones manufacturing and trading	100%
6	Vietinbank Fund Management Company Ltd.	50/UBCK-GP dated 26 October 2010 and 05/GPDC-UBCK dated 23 March 2011 by State Securities Commission of Vietnam (SSC)	Fund management	100%
7	Vietinbank Global Money Transfer Company Ltd.	0105757686 dated 03 January 2012 by Hanoi Planning and Investment Department	Money transfer intermediary	100%

Employees

The total number of employees of the Bank as at 31 December 2013 is 19,886 (as at 31 December 2012: 19,840).

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, Accounting Regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. However, due to the Bank's large scale of operations, for the purpose of preparing these consolidated financial statements, the figures are rounded to and presented in millions of Vietnam Dong (million VND). This presentation does not materially impact the consolidated financial statements in terms of the financial position, results of operations and the cash flows. With regards to the number of shares and earnings per share, the Bank presented the items in unit as shown in Note 27 and Note 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Financial year

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

3. ADOPTION OF NEW GUIDANCE

3.1. Adopted new guidance

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

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

3.2. New guidance in issue not yet adopted

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and enterprises controlled by the Bank (its subsidiaries) up to 31 December 2013. Control is achieved where the Bank has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

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

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

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

Business combinations

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint ventures

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

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

Goodwill

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

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

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

Cash and cash equivalents

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

Loans to customers

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

Provision for credit losses

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for credit losses (Continued)

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

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

Group	Category	Provision rate
1	Current	0%
2	Special-mentioned	5%
3	Sub-standard	20%
4	Doubtful	50%
5	Loss	100%

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

In accordance with Decision 493, general provision is made for credit losses which are yet to be identified during the loan classification and specific provision making process as well as in case of the Bank's potential financial difficulty due to deterioration in loan quality. Accordingly, the Bank is required to make and maintain a general provision at 0.75% of total of loans that are classified in groups 1 to 4.

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

Provision for off-balance sheet commitments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Trading securities

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

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

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

Investment securities

Held-to-maturity investment securities

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment securities (Continued)

Available-for-sale investment securities

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

General provisions for debt securities issued by local business entities

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

Other long-term investments

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

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

Recognition

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

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

Derecognition

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

Repurchase and Reverse Repurchase Agreements

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trust activities and trusted funds

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

Tangible fixed assets and depreciation

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

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

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

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

Intangible assets and amortisation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

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

The Bank as lessor

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

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

The Bank as lessee

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

Prepayments

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

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

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

Other receivables

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other receivables (Continued)

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

Capital and reserves

Common stocks

Common stocks are classified as owners' equity.

Share premium

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

Treasury shares

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

Reserves

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

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

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

Revenue and expenses

Interest income

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and expenses (Continued)

Borrowing costs

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

Revenue from sales of goods

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

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

Revenue from insurance services

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

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

Dividend recognition

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

Claim settlements expenses of insurance activities

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

Commission expense of insurance activities

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

Income and expense from other services

Income and expense from other services are recognised on cash basis, except that income from guarantee fee is recognised on the accrual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

According to the Bank's accounting system, all transactions are recorded in the original currency. Income and expense arising in foreign currency during the year are translated into VND at interbank exchange rate quoted by the State Bank of Vietnam for USD and at bank transfer rate for other foreign currencies at the end of the transaction date. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into VND using the above exchange rate as at the balance sheet date (see list of exchange rate of applicable foreign currencies against VND as at 31 December 2013 in Note 55). Unrealised foreign exchange differences arising from the translation of monetary assets and liabilities denominated in foreign currencies into VND as at the balance sheet date are recognised in the consolidated income statement.

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

Other provisions

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

Taxation

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

Post-employment benefits

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

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

Resignation allowance

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

Unemployment allowance

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

Derivatives

Forward, swap and future contracts

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

Currency option contracts

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivatives (Continued)

Related parties

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

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

Off-balance sheet commitments and guarantees

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

5. CASH, GOLD AND GEMSTONES

	31/12/2013	31/12/2012
	million VND	million VND
Cash in VND	2,334,912	1,987,760
Cash in foreign currencies	489,813	516,662
Valuable papers in foreign currencies	1,818	970
Monetary gold	6,953	5,713
	2,833,496	2,511,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. BALANCES WITH THE STATE BANK OF VIETNAM

	31/12/2013	31/12/2012
	million VND	million VND
Current account at the State Bank of Vietnam in VND	7,387,231	10,046,469
Current account at the State Bank of Vietnam in foreign currencies	2,772,333	2,187,676
	10,159,564	12,234,145

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	31/12/2013 million VND	31/12/2012 (*) million VND
Placements with other credit institutions		
Demand deposits	12,583,806	14,475,763
- In VND	5,443,961	4,668,015
- In foreign currencies and gold	7,139,845	9,807,748
Term deposits	46,936,875	6,981,954
- In VND	38,076,000	4,952,900
- In foreign currencies and gold	8,860,875	2,029,054
	59,520,681	21,457,717
Loans to other credit institutions		
Loans in VND	9,066,000	28,245,000
Loans in foreign currencies and gold	4,595,254	8,187,503
Provision for credit losses of loans to credit institutions	(102,459)	(181,918)
	13,558,795	36,250,585
	73,079,476	57,708,302

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

8. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS/LIABILITIES

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

9. LOANS TO CUSTOMERS

	31/12/2013 million VND	31/12/2012 million VND
Loans to local business entities and individuals	371,541,653	329,440,108
Discounting promissory notes and valuable papers	562,909	310,324
Finance leases	1,381,985	1,328,324
Payments made on behalf of customers	30,445	55,999
Loans by grants, investment trusts	1,336,736	1,636,760
Loans to foreign organisations and individuals	1,435,240	584,576
Frozen loans and loans pending for resolution	-	1
	376,288,968	333,356,092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. LOANS TO CUSTOMERS (Continued)

Analysis of loan balances by quality

	31/12/2013	31/12/2012
	million VND	million VND
Current loans	369,774,495	327,054,358
Special-mentioned loans	2,744,180	1,411,738
Sub-standard loans	515,442	994,983
Doubtful loans	1,005,801	1,789,074
Loss loans	2,249,050	2,105,939
	376,288,968	333,356,092

Analysis of loan balances by terms

	31/12/2013	31/12/2012
	million VND	million VND
Short-term loans	227,697,332	200,455,255
Medium-term loans	32,972,090	34,078,369
Long-term loans	115,619,546	98,822,468
	376,288,968	333,356,092

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

Analysis of loan balances by type of business entity

	31/12/2013	31/12/2012
	million VND	million VND
State-owned enterprises	30,484,784	34,376,546
State-owned one-member limited enterprises	66,167,188	49,010,516
Two or more member limited liability enterprises with more than 50% of the State's share holding	2,595,327	2,291,578
Other limited companies	70,564,721	61,496,519
Joint stock companies with more than 50% of the State's share-holding	29,719,860	28,542,233
Other joint stock companies	90,990,932	85,012,500
Partnership companies	265,660	8,566
Private companies	12,264,929	12,163,761
Foreign invested enterprises	12,329,285	8,571,598
Cooperatives, cooperative unions	1,868,725	1,626,349
Household businesses, individuals	58,477,622	49,819,646
Administrative units, the Party, unions and associations	497,014	369,239
Others	62,921	67,041
	376.288.968	333.356.092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. LOANS TO CUSTOMERS (Continued)

Analysis of loan balances by industry

	31/12/2013	31/12/2012
	million VND	million VND
Agricultural, forestry and aquaculture	11,284,962	8,301,832
Mining and quarrying	24,816,572	25,501,052
Manufacturing and processing	127,666,222	105,156,710
Electricity, fuel gas and hot water	25,737,569	22,763,351
Water supplying, garbage and sewage treatment and management	563,554	514,328
Construction	26,714,044	22,774,338
Wholesale and retail trade; repair of motor vehicles, motor cycles	107,208,518	97,095,238
Transport, warehouse	8,082,789	9,780,579
Hospitality services	2,415,838	2,291,814
Information and communications	1,531,201	1,755,920
Financial, banking and insurance activities	34,353	479
Real estate	24,801,326	26,068,597
Profession, science and technology	97,017	109,854
Administrative activities and supporting services	342,722	318,824
Education and training	786,232	968,304
Health care and social work	1,813,510	2,089,555
Other service activities	6,065,515	4,590,629
Households	5,724,329	3,073,666
International organisations and bodies	213,338	32,616
Others	389,357	168,406
	376,288,968	333,356,092

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

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

	31/12/2013	31/12/2012
	million VND	million VND
Provisions for credit losses of loans to customers	3,300,226	3,673,254
Provision for off-balance sheet commitments (Note 25)	405,988	409,833
	3,706,214	4,083,087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	General provision	Specific provision	Total
	million VND	million VND	million VND
As at 01/01/2013	2,299,619	1,373,635	3,673,254
Provision charged for the year (Note 37)	328,412	3,874,609	4,203,021
Provision utilised for the year	-	(4,576,049)	(4,576,049)
As at 31/12/2013	2,628,031	672,195	3,300,226

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

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

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

	General provision	Specific provision	Total
	million VND	million VND	million VND
As at 01/01/2012	2,065,280	971,222	3,036,502
Provision charged for the year (Note 37)	234,339	3,994,833	4,229,172
Provision utilised for the year	-	(3,592,420)	(3,592,420)
As at 31/12/2012	2,299,619	1,373,635	3,673,254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

10.3 Movement in provision for off-balance sheet commitments for the year ended 31 December 2013:

	General provision	Specific provision	Total
	million VND	million VND	million VND
As at 01/01/2013	331,443	78,390	409,833
Provision charged/(reversed) for the year (Note 37)	38,554	(42,399)	(3,845)
As at 31/12/2013	369,997	35,991	405,988

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

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

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

	General provision	Specific provision	Total
	million VND	million VND	million VND
As at 01/01/2012	367,512	68,299	435,811
Provision/(reversed) charged for the year (Note 37)	(36,069)	10,091	(25,978)
As at 31/12/2012	331,443	78,390	409,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. TRADING SECURITIES

	31/12/2013 million VND	31/12/2012 million VND
Debt securities	633,425	-
- Government bonds	633,425	-
Equity securities	24,268	284,267
- Equity securities issued by other local credit institutions	7,923	48
- Equity securities issued by local business entities	16,345	284,219
	657,693	284,267
Provisions for impairment of trading securities	(2,626)	(9,714)
	655,067	274,553

Listing status of trading securities

	31/12/2013 million VND	31/12/2012 million VND
Debt securities		
Government bonds		
- Listed	633,425	-
- Unlisted	-	-
Equity securities		
Equity securities issued by other local credit institutions		
- Listed	7,923	48
- Unlisted	-	-
Equity securities issued by local business entities		
- Listed	9,664	26,456
- Unlisted	6,681	257,763
	657,693	284,267

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

12. INVESTMENT SECURITIES

	31/12/2013 million VND	31/12/2012 million VND
Available-for-sale investment securities	80,627,909	71,126,639
Debt securities	79,864,668	70,847,671
- Government bonds	45,703,748	44,522,304
- Debt securities issued by other local credit institutions	4,267,446	2,618,287
- Debt securities issued by local business entities	29,893,474	23,707,080
Equity securities	763,241	278,968
- Equity securities issued by other local credit institutions	16,888	16,888
- Equity securities issued by local business entities	746,353	262,080
Provisions for impairment of available-for-sale investment securities	(212,189)	(114,332)
	80,415,720	71,012,307
Held-to-maturity investment securities	2,586,748	2,450,000
Government bonds	2,200,000	2,200,000
Debt securities issued by local business entities	386,748	250,000
Provisions for impairment of held-to-maturity investment securities	-	-
	2,586,748	2,450,000
	83,002,468	73,462,307

13. PROVISION FOR IMPAIRMENT OF INVESTMENT SECURITIES

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

	Provision for available-for- sale securities million VND	Provision for held-to-maturity securities million VND	Total million VND
As at 01/01/2013	114,332	-	114,332
Provision charged for the year (Note 33)	97,857	-	97,857
As at 31/12/2013	212,189	-	212,189

14. LONG-TERM INVESTMENTS

	31/12/2013 million VND	31/12/2012 million VND
Investments in joint ventures	2,795,383	2,444,848
Other long-term investments	321,108	327,109
Provisions for impairment of long-term investments	(3,408)	(824)
	3,113,083	2,771,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

14. LONG-TERM INVESTMENTS (Continued)

Investments in joint ventures

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

	31/12/2013				31/12/2012			
	Cost in original currency	Cost equivalent	Net value of investment using equity method	Proportion of ownership interest	Cost in original currency	Cost equivalent	Net value of investment using equity method	Proportion of ownership interest
	USD	million VND	million VND	%	USD	million VND	million VND	%
Indovina Bank Ltd.	96,500,000	1,688,788	2,358,036	50	82,500,000	1,392,058	2,013,514	50
Vietinbank Aviva Life Insurance Company Limited	Non applicable	400,000	437,347	50	Non applicable	400,000	431,334	50
		2,088,788	2,795,383			1,792,058	2,444,848	

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. TANGIBLE FIXED ASSETS

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

	Buildings, structures	Machinery, equipment	Motor vehicles	Others	Total
	million VND	million VND	million VND	million VND	million VND
COST					
As at 01/01/2013	1,950,223	3,830,342	738,073	158,316	6,676,954
Acquisitions during the year	675,533	213,691	95,774	12,691	997,689
Transfer from construction in progress	383,409	28,705	-	3,625	415,739
Other additions	16,182	7,142	2,190	521	26,035
Disposals	(10,796)	(21,383)	(14,521)	(986)	(47,686)
Reclassification (*)	(51)	(680,581)	(671)	(28,911)	(710,214)
Other decreases	(15,408)	(11,902)	(1,865)	(1,154)	(30,329)
As at 31/12/2013	2,999,092	3,366,014	818,980	144,102	7,328,188
ACCUMULATED DEPRECIATION					
As at 01/01/2013	568,974	2,636,346	405,859	94,737	3,705,916
Charge for the year	186,700	450,894	97,929	22,307	757,830
Other additions	14,029	2,141	111	130	16,411
Disposals	(3,525)	(20,114)	(14,521)	(960)	(39,120)
Reclassification (*)	(23)	(552,292)	(628)	(19,242)	(572,185)
Other decreases	(1,174)	(970)	(1,869)	(1,240)	(5,253)
As at 31/12/2013	764,981	2,516,005	486,881	95,732	3,863,599
NET BOOK VALUE					
As at 31/12/2013	2,234,111	850,009	332,099	48,370	3,464,589
As at 31/12/2012	1,381,249	1,193,996	332,214	63,579	2,971,038

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. TANGIBLE FIXED ASSETS (Continued)

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

	Buildings, structures	Machinery, equipment	Motor vehicles	Others	Total
	million VND	million VND	million VND	million VND	million VND
COST					
As at 01/01/2012	1,295,577	3,284,371	668,299	293,556	5,541,803
Acquisitions during the year	495,265	186,265	71,239	23,551	776,320
Transfer from construction in progress	192,825	51,756	2,688	451	247,720
Other additions	1,237	197,490	10,518	15,978	225,223
Disposals	(7,773)	(56,590)	(13,725)	(5,206)	(83,294)
Other decreases	(12,773)	168,503	23	(166,171)	(10,418)
Reclassification	(14,135)	(1,453)	(969)	(3,843)	(20,400)
As at 31/12/2012	1,950,223	3,830,342	738,073	158,316	6,676,954
ACCUMULATED DEPRECIATION					
As at 01/01/2012	466,199	2,008,509	339,974	178,848	2,993,530
Charge for the year	103,273	544,906	91,452	34,651	774,282
Other additions	21,546	29,942	1,707	240	53,435
Disposals	(2,332)	(18,468)	(3,439)	(3,513)	(27,752)
Other decreases	(20,079)	(6,783)	(23,255)	(35,503)	(85,620)
Reclassification	367	78,240	(580)	(79,986)	(1,959)
As at 31/12/2012	568,974	2,636,346	405,859	94,737	3,705,916
NET BOOK VALUE					
As at 31/12/2012	1,381,249	1,193,996	332,214	63,579	2,971,038
As at 31/12/2011	829,378	1,275,862	328,325	114,708	2,548,273

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

16. INTANGIBLE ASSETS

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

	Land use rights	Computer software	Others	Total
	million VND	million VND	million VND	Million VND
COST				
As at 01/01/2013	2,217,168	426,476	58	2,643,702
Acquisitions during the year	1,210,518	213,195	-	1,423,713
Other additions	23,600	505	-	24,105
Reclassification (*)	-	(3,819)	3	(3,816)
Other decreases	(7,882)	(1,017)	1	(8,898)
As at 31/12/2013	3,443,404	635,340	62	4,078,806
ACCUMULATED AMORTISATION				
As at 01/01/2013	63,341	274,728	18	338,087
Charge for the year	36,627	93,458	30	130,115
Other additions	132	220	-	352
Reclassification (*)	-	(3,457)	-	(3,457)
Other decreases	(1,146)	(944)	-	(2,090)
As at 31/12/2013	98,954	364,005	48	463,007
NET BOOK VALUE				
As at 31/12/2013	3,344,450	271,335	14	3,615,799
As at 31/12/2012	2,153,827	151,748	40	2,305,615

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

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

	Land use rights	Computer software	Others	Total
	million VND	million VND	million VND	million VND
COST				
As at 01/01/2012	1,115,042	316,378	11,219	1,442,639
Acquisitions during the year	1,089,387	84,592	1,230	1,175,209
Other increases	12,695	37,273	-	49,968
Disposals	-	(441)	-	(441)
Reclassification	1,456	21,353	(12,391)	10,418
Other decreases	(1,412)	(32,679)	-	(34,091)
As at 31/12/2012	2,217,168	426,476	58	2,643,702
ACCUMULATED AMORTISATION				
As at 01/01/2012	62,419	178,736	3,540	244,695
Charge for the year	28,934	80,983	3,260	113,177
Other increases	618	27,066	-	27,684
Disposals	-	(73)	-	(73)
Reclassification	79	8,662	(6,782)	1,959
Other decreases	(28,709)	(20,646)	-	(49,355)
As at 31/12/2012	63,341	274,728	18	338,087
NET BOOK VALUE				
As at 31/12/2012	2,153,827	151,748	40	2,305,615
As at 31/12/2011	1,052,623	137,642	7,679	1,197,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

17. OTHER RECEIVABLES

	31/12/2013	31/12/2012
	million VND	million VND
Construction in progress	3,586,286	2,265,979
Purchases and major repair of fixed assets	3,584,323	4,547,287
External receivables	3,012,302	2,520,764
Internal receivables	304,838	120,632
	10,487,749	9,454,662

Construction in progress

	31/12/2013	31/12/2012
	million VND	million VND
Constructions in the Northern area	2,829,080	1,641,185
Constructions in the Central area	269,692	191,226
Constructions in the Southern area	487,514	433,568
	3,586,286	2,265,979

18. OTHER ASSETS

	31/12/2013	31/12/2012
	million VND	million VND
Investment in finance lease assets	184,094	109,252
Materials and tools	100,248	85,724
Prepaid expenses (*)	2,439,500	1,917,173
Goodwill (Note 19)	9,982	11,798
Other assets	48,224	22,254
	2,782,048	2,146,201

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

19. GOODWILL

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

	2013	2012
	million VND	million VND
Total goodwill	18,149	18,149
Amortisation period	10 years	10 years
Accumulated amortised goodwill as at the beginning of the year	(6,351)	(4,537)
Goodwill not yet amortised at the beginning of the year	11,798	13,612
Goodwill decrease during the year	(1,816)	(1,814)
- Amortised for the year	(1,816)	(1,814)
Total goodwill not yet amortised at the end of the year	9,982	11,798

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

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

21. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	31/12/2013	31/12/2012
	million VND	million VND
Demand deposits, gold from other credit institutions	3,994,723	9,086,345
- In VND	1,307,889	1,089,704
- In gold and foreign currencies	2,686,834	7,996,641
Term deposits, gold from other credit institutions	27,871,100	10,897,065
- In VND	19,870,000	9,261,157
- In gold and foreign currencies	8,001,100	1,635,908
Borrowings from other credit institutions	48,598,926	76,831,391
- In VND	21,180,000	38,865,000
- In gold and foreign currencies	27,418,926	37,966,391
	80,464,749	96,814,801

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

22. DEPOSITS FROM CUSTOMERS

Analysis by the type of deposits

	31/12/2013 million VND	31/12/2012 million VND
Demand deposits, gold	63,017,080	53,518,068
- Demand deposits in VND	51,594,652	44,501,999
- Demand deposits in gold, foreign currencies	11,422,428	9,016,069
Term deposits, gold	290,016,677	225,849,936
- Term deposits in VND	267,606,015	207,093,002
- Term deposits in gold, foreign currencies	22,410,662	18,756,934
Deposits for specific purpose	2,774,113	2,066,913
- Deposits for specific purpose in VND	1,204,954	719,104
- Deposits for specific purpose in foreign currencies	1,569,159	1,347,809
Margin deposits	8,689,131	7,670,390
- Margin deposits in VND	7,446,074	6,278,737
- Margin deposits in gold, foreign currencies	1,243,057	1,391,653
	364,497,001	289,105,307

Analysis by the type of customers and type of business entity

	31/12/2013 million VND	31/12/2012 (*) million VND
State-owned enterprises	59,405,114	39,397,019
State-owned one-member limited enterprises	21,532,717	31,897,485
Two or more member limited liability enterprises with more than 50% of the State's share-holding	892,888	679,716
Other limited companies	11,250,622	9,198,852
Joint stock companies with more than 50% of the State's share-holding	18,278,808	16,165,950
Other joint stock companies	18,103,247	12,376,856
Partnership companies	360,629	1,041,770
Private companies	1,088,135	920,227
Foreign invested enterprises	13,907,594	7,981,702
Cooperatives, cooperative unions	256,497	275,490
Household businesses, individuals	198,835,969	156,461,943
Administrative units, the Party, unions and associations	13,061,575	5,540,862
Others	7,523,206	7,167,435
	364,497,001	289,105,307

(*) Certain reclassifications were made to enhance comparability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	31/12/2013	31/12/2012
	million VND	million VND
Funds received from other organisations and individuals in VND	26,140,460	26,729,924
Funds received from other organisations and individuals in foreign currencies	1,697,188	1,768,421
Funds received from international organisations in VND	961,899	1,121,151
Funds received from international organisations in foreign currencies	3,624,972	3,607,212
	32,424,519	33,226,708

24. VALUABLE PAPERS

	31/12/2013	31/12/2012
	million VND	million VND
Valuable papers in VND	10,503,919	22,586,070
Valuable papers in foreign currencies	6,060,847	6,083,159
	16,564,766	28,669,229

Detail of valuable papers by term

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

25. OTHER LIABILITIES

	31/12/2013 million VND	31/12/2012 million VND
Interests and fees payable	4,365,827	3,615,577
Internal payables (Note 25.1)	3,299,820	3,081,923
External payables (Note 25.2)	19,811,865	11,900,156
Provision for off-balance sheet commitments (Note 10)	405,988	409,833
Other provisions	98,925	80,978
	27,982,425	19,088,467

25.1 Details of internal payables

	31/12/2013 million VND	31/12/2012 million VND
Payables to employees	1,885,644	1,810,073
Payables relating to bonus and welfare funds	1,293,511	1,078,347
Others	120,665	193,503
	3,299,820	3,081,923

25.2 Details of external payables

	31/12/2013 million VND	31/12/2012 million VND
Payments/receipts on behalf of other organisations	17,585,562	9,481,078
Amount due to customers and deferred payment	161,199	614,799
Corporate income tax payables	205,887	544,304
Other pending payments	903,246	754,650
Margin deposits of securities investors	152,206	138,126
Other tax payables	75,018	73,229
Payables for insurance of deposit	70,177	58,958
Payables to the SBV from recovery of written-off bad debts	60,004	44,814
Payables relating to trade finance activities	6,021	11,382
Money transfer payables	95,746	32,221
Other payables	496,799	146,595
	19,811,865	11,900,156

26. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	Movement during the year		
	Opening balance million VND	Payables million VND	Closing balance million VND
Value Added Tax	(84,744)	130,194	133,756
Corporate Income Tax	544,304	1,940,950	2,279,367
Other taxes	58,737	433,606	435,339
	518,297	2,504,750	2,848,462
			174,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

27. CAPITAL AND RESERVES

The movement of major items in owners' capital

	Charter capital	Share premium	Foreign exchange reserves	Financial reserve fund	Capital supplementary reserve	Retained earnings	Minority interest	Total
	million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND
As at 01/01/2013	26,217,545	2,210	302,101	1,683,091	750,875	4,668,709	215,842	33,840,373
Capital increase	11,016,501	8,969,268	-	-	-	-	-	19,985,769
Profit for the year	-	-	-	-	-	5,792,449	15,529	5,807,978
Dividend of 2012	-	-	-	-	-	(4,194,807)	(10,788)	(4,205,595)
Appropriation to reserves for the year	-	-	-	605,694	302,847	(2,008,541)	-	(1,100,000)
Increase due to financial statements translation for consolidation purpose	-	-	15,540	-	-	-	-	15,540
Other adjustments	-	-	-	(1,907)	(1,776)	(30,352)	(3,983)	(38,018)
Adjustment to appropriation to reserves for the previous year	-	-	-	23,249	12,922	(50,952)	(3,681)	(18,462)
As at 31/12/2013	37,234,046	8,971,478	317,641	2,310,127	1,064,868	4,176,506	212,919	54,287,585

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

27. CAPITAL AND RESERVES (Continued)

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

	31/12/2013		31/12/2012	
	Total shares (units)	Ordinary shares (million VND)	Total shares (units)	Ordinary shares (million VND)
Capital of the Government	2,400,204,956	24,002,050	2,105,442,944	21,054,429
Contributed capital (shareholders, members)	1,323,199,600	13,231,996	516,311,593	5,163,116
Share premium	Non-applicable	8,971,478	Non-applicable	2,210
	3,723,404,556	46,205,524	2,621,754,537	26,219,755

Details of the Bank's shares are as follows:

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

28. INTEREST AND SIMILAR INCOME

	2013	2012
	million VND	million VND
Interest from deposits	912,616	1,974,401
Interest from loans to customers	34,491,642	39,663,003
Interest from debt securities	8,701,688	8,789,448
Interest from finance leases	171,928	229,078
Other income from credit activities	2,949	4,832
	44,280,823	50,660,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

29. INTEREST AND SIMILAR EXPENSES

	2013	2012
	million VND	million VND
Interest expense on deposits	20,279,031	24,717,048
Interest expense on borrowings	3,684,850	5,931,336
Interest expense on valuable papers issued	2,037,250	1,574,784
Expense on other credit activities	2,437	17,570
	26,003,568	32,240,738

30. NET GAIN FROM SERVICES

	2013	2012 (*)
	million VND	million VND
Income from services	2,096,679	1,855,358
Income from remittance services	1,041,561	860,051
Income from treasury and guarantee services	316,714	359,079
Income from trust and agency services	12,830	15,640
Others	725,574	620,588
Expense on services	576,553	577,135
Expense on remittance services	88,346	103,337
Expense from trust and agency services	13,858	12,543
Expense from treasury services	139,946	151,750
Others	334,403	309,505
Net gain from services	1,520,126	1,278,223

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

31. NET GAIN FROM TRADING FOREIGN CURRENCIES

	2013	2012
	million VND	million VND
Income from trading foreign currencies	5,121,228	1,259,955
- Income from spot trading foreign currencies	735,093	367,980
- Income from trading gold	3,811,989	652,568
- Income from trading derivative financial instruments	574,146	239,407
Expense from trading foreign currencies	4,829,778	898,267
- Expenses from spot trading foreign currencies	473,893	157,943
- Expense from trading gold	3,791,660	641,837
- Expense from trading derivative financial instruments	564,225	98,487
Net gain from trading foreign currencies	291,450	361,688

32. NET GAIN FROM TRADING SECURITIES HELD FOR TRADING

	2013	2012
	million VND	million VND
Income from trading securities held for trading	40,796	42,453
Expense from trading securities held for trading	(28,954)	(13,237)
Provision reversed for impairment of securities held for trading	7,088	4,940
Net gain from securities held for trading	18,930	34,156

33. NET GAIN FROM TRADING INVESTMENT SECURITIES

	2013	2012
	million VND	million VND
Income from trading investment in securities	117,363	363,813
Expense from trading investment in securities	(11,473)	(683)
Provision reversed/(charged) for impairment of investment in securities	(97,857)	152,753
Net gain from investment in AFS securities	8,033	515,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

34. NET PROFIT FROM OTHER ACTIVITIES

	2013	2012 (*)
	million VND	million VND
Other operating income	1,931,677	1,330,576
Income from recovery of bad debts	1,266,542	1,255,421
Income from other derivatives	136,280	24,161
Other income	528,855	50,994
Other operating expenses	436,531	144,977
Expenses from other derivatives	154,897	39,707
Other expenses	281,634	105,270
Net profit from other activities	1,495,146	1,185,599

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

35. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS

	2013	2012
	million VND	million VND
Dividend in cash from capital contribution, equity investments	26,874	22,263
- from equity securities held for trading	3,347	2,494
- from equity investment securities	2,075	8,949
- from other long-term investments	21,452	10,820
Share from net profit/loss under equity method of investments in joint ventures	145,885	143,691
	172,759	165,954

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

36. OPERATING EXPENSES

	2013	2012 (*)
	million VND	million VND
Taxes, fees and charges	45,245	77,425
Staff cost		
- Salaries and allowances	4,501,208	4,501,000
- Salary-based expenses	219,017	226,649
- Other benefits	90,836	43,241
- Social activities expenses	1,416	1,524
- Other expenses	192,899	216,470
Expenses for fixed assets		
- Depreciation and amortisation expenses	887,945	887,459
- Others	871,193	808,353
Expenses for operating management		
- Per diem	141,711	135,753
- Expense for union activities	22,917	10,215
- Others	2,628,711	2,328,256
Insurance premium for customers deposit	271,150	216,397
Other operating expenses	35,406	(17,069)
	9,909,654	9,435,673

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

37. PROVISION EXPENSES FOR CREDIT LOSSES

	2013	2012
	million VND	million VND
Provision (reversed)/charged for credit losses of loans to credit institutions	(79,459)	154,760
Provision expenses for credit losses of loans to customers (Note 10)	4,203,021	4,229,172
Provision expenses for doubtful receivables	3,706	-
Provision (reversed) for off-balance sheet commitments (Note 10)	(3,845)	(25,978)
	4,123,423	4,357,954

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

38. CORPORATE INCOME TAX EXPENSE (CIT)

	2013	2012
	million VND	million VND
Profit before tax	7,750,622	8,167,900
Adjustments for:		
- Non-taxable dividend income	(23,527)	(22,318)
- Profit before tax of subsidiaries	(330,712)	(362,210)
- Income from increase in interest in joint ventures	(145,885)	(143,636)
- Changes in general provision for loans for consolidation	(3,576)	5,102
- Provision charged/(reversed) for debt securities	61,499	(125,124)
- Others	107,775	102,821
Taxable income of the Holding Bank	7,416,196	7,622,535
CIT expense of the Holding Bank at tax rate 25%	1,854,049	1,905,634
Overseas CIT expense of the Bank	5,899	592
CIT expense of subsidiaries	82,696	91,995
CIT expense based on the taxable income	1,942,644	1,998,221

39. BASIC EARNINGS PER SHARE (EPS)

	2013	2012
Earnings for the purpose of calculating basic EPS (million VND)	5,792,449	6,151,545
<i>Less: Bonus and welfare funds</i>	<i>1,100,000</i>	<i>1,000,000</i>
Earnings for the purpose of calculating basic EPS (after excluding bonus and welfare fund)	4,692,449	5,151,545
Weighted average number of ordinary shares for the purpose of calculating basic earnings shares	3,120,285,800	2,508,692,014
Basic earnings per share (VND)	1,504	2,053

In 2013, the Bank had two share issuances, which increased the Bank's charter capital as presented in Note 27 - Capital and Reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

40. CASH AND CASH EQUIVALENTS

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

	31/12/2013 million VND	31/12/2012 million VND
Cash, gold and gemstones (*)	2,833,496	2,511,105
Balances with the State Bank of Vietnam (*)	10,159,564	12,234,145
Current deposits at other credit institutions (*)	12,583,806	14,475,763
Placements with and loans to other credit institutions with terms not exceeding 3 months	45,960,665	26,364,975
Securities with maturity of not exceeding 3 months from the date of purchase	2,678,453	3,728,000
	74,215,984	59,313,988

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

41. EMPLOYEES' REMUNERATIONS

	2013	2012
I. Total number of employees (person) (*)	19,886	19,840
II. Employees' income (million VND)		
1. Total salary fund	4,501,208	4,501,000
2. Bonus	-	-
3. Other allowances	136,669	120,874
4. Total income (1+2+3)	4,637,877	4,621,874
5. Average monthly salary (**)	19.09	19.69
6. Average monthly income (**)	19.67	20.22

(*) Figures as at 31 December.

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

42. COLLATERALS AND MORTGAGES

42.1 Type and value of collaterals and mortgages

	Carrying value (million VND)	
	31/12/2013	31/12/2012
Real estate	398,386,886	379,347,644
Movable assets	27,887,506	30,897,047
Valuable papers	42,689,836	32,691,212
Other assets	196,342,350	154,480,824
	665,306,578	597,416,727

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

43. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

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

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

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

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

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

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

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

44. RISK-FREE TRUSTED AND AGENCY ACTIVITIES

	31/12/2013 million VND	31/12/2012 million VND
Trusted fund from organisations	6,779,461	4,081,891
	6,779,461	4,081,891

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

45. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Related parties	Relationship	Transactions	2013 million VND
The State Bank of Vietnam	Direct owner	Decrease in deposits with related party	(2,074,581)
The State Bank of Vietnam	Direct owner	Decrease in borrowings from related party	(2,470,787)
Indovina Bank Ltd.	Joint Venture	"Increase in deposits and loans to related party"	700,000
Indovina Bank Ltd.	Joint Venture	Decrease in deposits from related party	46,254
"Vietinbank Aviva Life Insurance Company Ltd."	Joint Venture	Decrease in deposits from related party	(348,125)

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

Related parties	Relationship	Transactions	Receivables million VND	Payables million VND
The State Bank of Vietnam	Direct owner	Demand deposits and compulsory reserves	10,159,564	-
The State Bank of Vietnam	Direct owner	Borrowings	-	147,215
Indovina Bank Ltd.	Joint Venture	Deposits and loans	2,700,000	4,604,214
"Vietinbank Aviva Life Insurance Ltd."	Joint Venture	Deposits	-	20,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As at 31 December 2013:

	Total loan balance	Total placements (assets)	Total deposits (liabilities)	Credit commitments	Derivatives (Total transaction value in contracts)	Trading and investment securities (Difference between debit - credit)
	million VND	million VND	million VND	million VND	million VND	million VND
Domestic	388,514,982	63,384,415	395,547,838	15,424,460	164,334	83,872,350
Overseas	1,435,240	6,295,830	815,142	32,867,996	-	-
	389,950,222	69,680,245	396,362,980	48,292,456	164,334	83,872,350

47. SEGMENT REPORT

A business segment is a distinguishable component of the Bank that is engaged in providing services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Bank that is engaged in providing services and that is subject to risks and returns that are different from those of components operating in other economic environments.

Primary segment report of Vietinbank is divided by business; secondary segment report of Vietinbank is divided by geography.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

47. SEGMENT REPORT (Continued)

Business segment report:

Unit: million VND

NO.	ITEMS	Banking financial services	Non-banking financial services	Others	Off-set	Total
1.	Interest and similar income	115,453,191	334,679	114,273	(71,621,320)	44,280,823
2.	Interest and similar expenses	(97,590,438)	(31,383)	(2,816)	71,621,069	(26,003,568)
I.	Net interest income	17,862,753	303,296	111,457	(251)	18,277,255
3.	Expenses on services	2,223,373	166,042	40,263	(332,999)	2,096,679
4.	Expenses on services	(875,067)	(19,159)	(14,226)	331,899	(576,553)
II.	Net profit from services	1,348,306	146,883	26,037	(1,100)	1,520,126
III.	Net gain from trading foreign currencies	270,884	723	19,843	-	291,450
IV.	Net gain from trading securities	5,732	1,254	11,944	-	18,930
V.	Net gain from investment securities	32,143	(22,917)	(1,612)	419	8,033
5.	Other operating income	2,481,698	46,012	9,748	(605,781)	1,931,677
6.	Other operating expenses	(954,966)	(84,514)	(3,631)	606,580	(436,531)
VI.	Net profit from other activities	1,526,732	(38,502)	6,117	799	1,495,146
VII.	Income from capital contribution, equity investments	169,412	409	2,938	-	172,759
VIII.	Operating expenses	(9,705,819)	(138,653)	(65,315)	133	(9,909,654)
IX.	Net profit from operating activities before credit provision expenses	11,510,143	252,493	111,409	-	11,874,045
X.	Provision expenses for credit losses	(4,078,046)	(45,692)	315	-	(4,123,423)
XI.	Profit before tax	7,432,097	206,801	111,724	-	7,750,622
7.	Current corporate income tax expense	(1,863,448)	(51,882)	(27,314)	-	(1,942,644)
XII.	Corporate income tax expense	(1,863,448)	(51,882)	(27,314)	-	(1,942,644)
XIII.	Profit after corporate income tax	5,568,649	154,919	84,410	-	5,807,978

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

47. SEGMENT REPORT (Continued)

Geographical segment report:

Unit: million VND

No.	Items	Northern	Southern	Others	Off-set	Total
1.	Interest and similar income	86,358,255	24,257,155	5,286,733	(71,621,320)	44,280,823
2.	Income from services	1,675,240	595,746	158,692	(332,999)	2,096,679
3.	Income from trading foreign currencies	4,790,233	364,019	81,436	(114,460)	5,121,228
4.	Income from other activities	1,817,520	595,661	124,277	(605,781)	1,931,677
5.	Other income	330,917	-	-	-	330,917

48. FINANCIAL INSTRUMENTS

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

As Circular 210 only regulates the presentation and disclosure of financial instruments, the following terms under Circular 210 are adopted for Note 48 of the consolidated financial statements. Assets and liabilities of the Bank are recognised in accordance with Vietnamese Accounting Standards, Accounting Regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting.

Financial assets

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

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

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

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

- a) A financial asset is classified as held for trading if:

- ✓ It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
- ✓ It is a derivative (except for the derivative that is a financial guarantee contract or effective hedging instrument).

- b) Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

48. FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

- *Held-to-maturity investments:*

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

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

- *Loans and receivables:*

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

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

- *Available-for-sale financial assets:*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as:

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

Financial liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

48. FINANCIAL INSTRUMENTS (Continued)

Financial instruments (Continued)

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

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

Offsetting financial assets and financial liabilities

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

The risk management policy related to financial instruments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

48. FINANCIAL INSTRUMENTS (Continued)

The risk management policy related to financial instruments (Continued)

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

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

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

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

The policies on currency risk, interest rate risk, credit risk and liquidity risk are analysed in details in Notes 49, 50, 51 and 52.

Determination of fair value of financial instruments

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

The Bank's financial instruments are detailed as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

48. FINANCIAL INSTRUMENTS (Continued)

	Carrying value (Excluding provisions)		Fair value	
	31/12/2013 million VND	31/12/2012 million VND	31/12/2013 million VND	31/12/2012 million VND
FINANCIAL ASSETS				
Cash, gold and gemstones	2,833,496	2,511,105	2,833,496	2,511,105
Balances with the State Bank of Vietnam	10,159,564	12,234,145	10,159,564	12,234,145
Placements with and loans to other credit institutions	73,181,935	57,890,220	(*)	(*)
Trading securities - Equity securities with market price reference	17,594	26,504	15,082	16,790
Trading securities - Equity securities without market price reference	6,674	257,763	(*)	(*)
Trading securities - Debt securities	633,425	-	(*)	(*)
Derivative financial instruments and other financial assets	164,334	74,451	(*)	(*)
Loans to customers	376,288,968	333,356,092	(*)	(*)
Investment securities - Equity securities with market price reference	145,023	145,023	51,222	76,636
Investment securities - Equity securities without market price reference	618,218	133,945	(*)	(*)
Investment securities - Debt securities	82,451,416	73,297,671	(*)	(*)
Other long-term investments	321,108	327,109	(*)	(*)
Other receivables	514,734	621,309	(*)	(*)
Interest and fee receivables	10,035,489	7,943,559	(*)	(*)
Other assets	231,795	143,304	(*)	(*)
	557,603,773	488,962,200		
FINANCIAL LIABILITIES				
Borrowings from the Government and the SBV	147,371	2,785,374	(*)	(*)
Deposits and borrowing from other credit institutions	80,464,749	96,814,801	(*)	(*)
Deposits from customers	364,497,001	289,105,307	(*)	(*)
Grants, trusted funds and borrowings at risk of the credit institution	32,424,519	33,226,708	(*)	(*)
Valuable papers issued	16,564,766	28,669,229	(*)	(*)
Accrued fee and interest expenses	4,365,827	3,615,577	(*)	(*)
Other payables and liabilities	19,460,783	11,223,665	(*)	(*)
	517,925,016	465,440,661		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

48. FINANCIAL INSTRUMENTS (Continued)

Classification of financial assets as at 31 December 2013:

	Financial assets					Total
	Held-for-trading	Held-to-maturity	Loans and receivables	Available-for-sale		
	million VND	million VND	million VND	million VND	million VND	
Cash, gold and gemstones	2,833,496	-	-	-	-	2,833,496
Balances with the State Bank of Vietnam ("SBV")	10,159,564	-	-	-	-	10,159,564
Placements with and loans to other credit institutions	-	-	73,181,935	-	-	73,181,935
Trading securities	657,693	-	-	-	-	657,693
Derivative financial instruments and other financial assets	164,334	-	-	-	-	164,334
Loans to customers	-	-	376,288,968	-	-	376,288,968
Investment securities	-	2,586,748	-	80,627,909	-	83,214,657
Other long-term investments	-	-	-	321,108	-	321,108
Other receivables	-	-	514,734	-	-	514,734
Interest and fee receivables	-	-	10,035,489	-	-	10,035,489
Other assets	-	-	231,795	-	-	231,795
	13,815,087	2,586,748	460,252,921	80,949,017		557,603,773

Classification of financial liabilities as at 31 December 2013:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

49. CURRENCY RISK

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

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

The Bank is exposed to the following risks:

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

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

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

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

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

For investment activities:

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

For foreign currency trading activities:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

49. CURRENCY RISK (Continued)

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

ITEMS	EUR equivalent million VND	USD equivalent million VND	VND million VND	Other currency equivalent million VND	Total million VND
ASSETS					
Cash, gold and gemstones	78,418	407,125	2,334,912	13,041	2,833,496
Balances with the State Bank of Vietnam	-	2,772,333	7,387,231	-	10,159,564
Placements with and loans to other credit institutions (*)	169,739	20,195,991	52,585,961	230,244	73,181,935
Trading securities (*)	-	-	657,693	-	657,693
Derivative financial instruments and other financial assets	164,334	-	-	-	164,334
Loans to customers (*)	1,631,115	66,091,944	308,565,909	-	376,288,968
Investment securities (*)	-	-	83,214,657	-	83,214,657
Long-term investments (*)	-	2,358,036	758,455	-	3,116,491
Fixed assets	-	-	7,080,388	-	7,080,388
Other assets (*)	806,547	1,790,755	20,707,984	-	23,305,286
Total assets	2,850,153	93,616,184	483,293,190	243,285	580,002,812
LIABILITIES AND OWNERS' EQUITY					
Borrowings from the Government and the SBV	-	24,965	122,406	-	147,371
Deposits and borrowings from other credit institutions	434,184	37,672,676	42,357,889	-	80,464,749
Deposits from customers	6,882,467	29,623,252	327,851,695	139,587	364,497,001
Grants, trusted funds and borrowings at risk of the credit institution	268,837	5,053,323	27,102,359	-	32,424,519
Valuable papers issued	-	6,060,847	10,503,919	-	16,564,766
Other liabilities (*)	81,508	1,137,924	26,249,607	8,473	27,477,512
Capital and reserves	-	-	54,074,666	-	54,074,666
Total liabilities and owners' equity	7,666,996	79,572,987	488,262,541	148,060	575,650,584
Balance sheet currency position	(4,816,843)	14,043,197	(4,969,351)	95,225	4,352,228

(*) Excluding risk provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

50. INTEREST RATE RISK

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

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

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

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

The Bank's interest rate risk policies are as follows:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

50. INTEREST RATE RISK (Continued)

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

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

Interest rate risk management:

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

Interest rate risk management at portfolio level

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

Interest Rate Management at transaction level

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

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

Interest rate sensitivity

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

50. INTEREST RATE RISK (Continued)

31/12/2013	Overdue		Current		From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	Total
	Non - interest bearing	million VND	Over 3 months	Within 3 months	million VND	million VND	million VND	million VND	million VND	million VND
ASSETS										
Cash, gold and gemstones	-	2,833,496	-	-	-	-	-	-	-	2,833,496
Balances with the State Bank of Vietnam	-	-	-	-	10,159,564	-	-	-	-	10,159,564
Placements with and loans to other credit institutions (*)	-	-	-	-	16,100,026	5,122,735	2,195,458	-	-	73,181,935
Trading securities (*)	-	-	-	-	657,693	-	-	-	-	657,693
Derivative financial instruments and other financial assets	-	-	-	-	164,334	-	-	-	-	164,334
Loans to customers (*)	-	3,770,293	-	2,744,180	257,506,910	40,675,195	4,408,380	3,423,623	898,723	376,288,968
Investment securities (*)	763,241	-	-	-	6,643,875	6,321,803	4,152,422	59,425,057	4,422,432	83,214,657
Long-term investments (*)	3,116,491	-	-	-	-	-	-	-	-	3,116,491
Fixed assets	7,080,388	-	-	-	-	-	-	-	-	7,080,388
Other assets (*)	23,305,286	-	-	-	-	-	-	-	-	23,305,286
Total assets	37,098,902	3,770,293	3,770,293	2,744,180	319,738,044	52,119,733	10,756,260	62,848,680	5,321,155	580,002,812
LIABILITIES										
Borrowings from the Government and the SBV	-	-	-	-	156	127,514	-	-	19,701	147,371
Deposits and borrowings from other credit institutions	-	-	-	-	42,199,098	8,897,547	3,908,609	3,218,563	-	80,464,749
Deposits from customers	-	-	-	-	211,407,984	21,869,860	19,558,313	36,449,765	-	364,497,001
Grants, trusted funds and borrowings at risk of the credit institution	-	-	-	-	6,484,904	6,484,904	2,918,207	3,120,411	-	32,424,519
Valuable papers issued	-	-	-	-	5,311,366	158,193	6,606,885	3,644,248	-	16,564,766
Other liabilities (*)	27,477,512	-	-	-	-	-	-	-	-	27,477,512
Total liabilities	27,477,512	-	-	-	265,403,508	37,538,018	32,992,014	46,432,987	19,701	521,575,918
Balance sheet net interest gap	9,621,390	3,770,293	3,770,293	2,744,180	54,334,536	14,581,715	(22,235,754)	16,415,693	5,301,454	58,426,894

(*) Excluding risk provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

51. CREDIT RISK

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

Tools that the Bank uses to manage credit risk include:

For credit activities: The Bank manages and controls credit risk by setting credit limits for each counterparty and geographical and industrial concentration, and by monitoring exposures in relation to such limits.

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

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

Financial assets overdue but not impaired

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

52. LIQUIDITY RISK

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

52. LIQUIDITY RISK (Continued)

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

52. LIQUIDITY RISK (Continued)

	Overdue		Current			
	Over 3 months	Within 3 months	Within 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years
	million VND	million VND	million VND	million VND	million VND	million VND
ASSETS						
Cash, gold and gemstones	-	-	2,833,496	-	-	-
Balances with the State Bank of Vietnam	-	-	10,159,564	-	-	-
Placements with and loans to other credit institutions (*)	-	-	49,763,716	16,100,026	7,318,193	-
Trading securities (*)	-	-	657,693	-	-	-
Derivative financial instruments and other financial assets	-	-	164,334	-	-	-
Loans to customers (*)	3,770,293	2,744,180	36,977,449	110,932,349	159,003,033	11,093,235
Investment securities (*)	-	-	1,485,827	6,643,875	10,474,225	5,185,673
Long-term investments (*)	-	-	-	-	-	-
Fixed assets	-	-	-	-	-	-
Other assets (*)	-	-	-	-	100,248	23,205,038
Total assets	3,770,293	2,744,180	102,042,079	133,676,250	176,895,699	49,680,825
LIABILITIES						
Borrowings from the Government and the SBV	-	-	156	-	127,514	19,701
Deposits and borrowings from other credit institutions	-	-	40,232,703	24,139,227	12,069,614	-
Deposits from customers	-	-	102,058,687	91,124,415	134,864,134	-
Grants, trusted funds and borrowings at risk of the credit institution	-	-	5,397,778	13,510,961	9,387,094	2,629,501
Valuable papers issued	-	-	1,007,923	893,226	11,019,369	-
Other liabilities (*)	-	-	3,411,960	6,280,964	13,680,451	-
Total liabilities	-	-	152,109,207	135,948,793	181,148,176	2,649,202
Net liquidity difference	3,770,293	2,744,180	(50,067,128)	(2,272,543)	(4,252,477)	47,031,623
						58,426,894

(*) Excluding risk provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

53. CAPITAL AND OPERATING LEASE COMMITMENTS

	31/12/2013 million VND	31/12/2012 million VND
Capital commitments: office construction and equipment acquisition	766,245	849,206
Irrevocable operating lease commitments	439,973	908,051
Of which:		
- due within one year	84,097	191,054
- due from two to five years	235,640	313,957
- due after five years	120,236	403,040

54. CONTINGENT LIABILITIES

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

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

	31/12/2013 VND	31/12/2012 VND
USD	21,036	20,828
EUR	28,937	27,450
GBP	34,756	33,532
CHF	23,618	22,749
JPY	199,76	241,39
SGD	16,623	16,967
CAD	19,745	20,849
AUD	18,754	21,575
NZD	17,257	17,079
THB	631,40	678,61
SEK	3,279	3,193
NOK	3,457	3,722
DKK	3,880	3,680
HKD	2,712	2,676
CNY	3,468	3,322
KRW	19.92	19.37
LAK	2.62	2.58
MYR	6,416	Not applicable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

56. SUBSEQUENT EVENTS

Except for the event stated in Note 54, no other event has occurred after the balance sheet date that may have material effect on the Bank's consolidated financial statements.

57. COMPARATIVE FIGURES

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

In 2013, the Bank had reclassified certain investments from long-term investments to investment securities, and made respective certain reclassifications to the year's opening figures to enhance the comparability of information.

Items	Presented in the consolidated financial statements for the year ended 31/12/2012	Difference	Presented in the consolidated financial statements for the year ended 31/12/2013
	million VND	million VND	million VND
Investments in associates	45,057	(45,057)	-
A available-for-sale invest- ment securities	71,081,582	45,057	71,126,639

Preparer



Ha Quang Vu
Head of Financial Accounting
Management Department

Approver



Nguyen Hai Hung
Chief Accountant

Approver



Nguyen Van Du
Deputy General Director

20 March 2014



Improving the values of life

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