



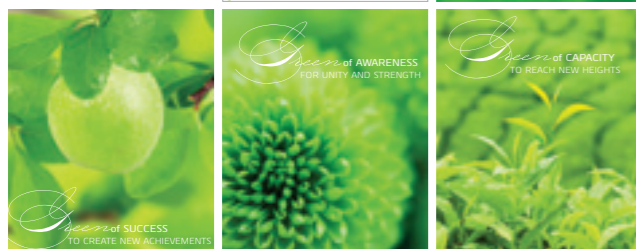
Vietcombank ANNUAL REPORT 2013

**JSC BANK FOR  
FOREIGN TRADE OF VIETNAM**

198 Tran Quang Khai Street, Hoan Kiem District, Hanoi City, Vietnam  
Tel: (+84) 4 3934 3137 Fax: (+84) 4 3826 9067  
Swift: BFTV VNVX Website: [www.vietcombank.com.vn](http://www.vietcombank.com.vn)

*Green* **BANK** for  
**FAR-REACHING AMBITIONS**

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“ 50 years is a time neither too long nor too short. Within that time, Vietcombank has grown from a small arm of the State Bank of Vietnam into a major local commercial bank that stands out by being **“Trustworthy, Innovative, Steadfast and Humane”**. At Vietcombank, we put special emphasis on the core values of our Bank’s business culture, which translates into **“Innovation, Continued Development, Attentiveness and Thoroughness, Connectivity, Distinctness, Safety and Security”**. We believe they are the threads which connect generations of Vietcombank staffs to form a distinguished Vietcombank trademark image. In that sense, Vietcombank’s new motto **“TOGETHER FOR THE FUTURE”** is not only the embodiment of those qualities but also our commitment to many customers to always be their go-to bank at any time, in any place.

Possessing a unique business culture and recognized by customers as a strong brand, Vietcombank has triumphed over countless hurdles in the past and is now ready to take on new challenges and conquer new heights, always at your side.



*Green* of HOPE  
FOR A BRIGHT FUTURE

## Introduction of Vietcombank

- Message from the Chairman of the Board of Directors and the Chief Executive Officer • General information
  - Products and services/geographical distribution
- Vietcombank: A history • Top moments of 2013 • Business model • Organizational structure • Key financial figures of 2009 - 2013 • Development orientation • Domestic and international awards and recognitions in 2013



MESSAGE FROM  
**THE CHAIRMAN OF THE BOARD OF DIRECTORS  
 AND THE CHIEF EXECUTIVE OFFICER**



Looking back, the year 2013 marked quite a few milestones for Vietcombank, including the introduction of a new brand recognition system, the celebration of the Bank's 50<sup>th</sup> Anniversary and commemorating 5 years since its privatization, not to mention major changes in the management team. Today's Vietcombank, armed with the strength of experience and a unique business culture inherited from generations of bankers, is ready to overcome any hurdle on its path towards excellence. At Vietcombank, we are not merely proud of our heritage but consider it, more than anything, a valuable asset to propel the Bank to success.

In 2013, the world economy at long last showed some teeny but definite signs of recovery, especially among major economies. In Japan, persistent stimulus efforts have brought about good results. On the other side of the Pacific, the United States started to see progress to its task of working out the federal budget and reduce deficit. The Eurozone, despite a tumultuous year, managed to maintain positive growth and avoid an economic downturn. In Vietnam, the macroeconomic situation, while hopeful, was still slightly unstable. Inflation was kept lower than 2012 (CPI grew 6.04%) while GDP increased by 5.42%. Interest rate stayed low, while credit growth was maintained at around 12.5% on the principle of strict credit risk management. Non-Performing Loan ratio, though still high, has been gradually brought under control.

Faced with these external conditions, the management team of Vietcombank has displayed remarkable acuteness and flexibility in selecting the most suitable business directives for the Bank, focusing on utilizing the Bank's inherent resources. As a result, Vietcombank wrapped up the year on a positive note. At the end of 2013, Total Assets, Total Deposits and Total Loans all increased compared to 2012 by 13.15%, 11.63% and 13.74%, respectively. Profit Before Tax reached 5,743 billion VN, while Non-Performing Loan ratio was kept at just 2.73% of Total Loans.

In the past year, Vietcombank has strictly complied with the State Bank of Vietnam's regulations while making important contributions to the banking system as a whole. Outside of business, the Bank has been actively involved in activities which closely follow the Government's priority for economic stability and social welfare. On the other hand, good business evident through stable growth, effective risk control and improved profit, coupled with the increased frequency of media appearances, has enabled the Bank to present the public image of a high-profile financial institution not only

locally but also globally. Impressive as they are, these achievements would not have been possible without the contribution of the Bank's 14,000 staffs, as well as the trust from our shareholders and customers. Your unflinching support has been our biggest encouragement on the path of self-improvement and development.

Looking back, the year 2013 marked quite a few milestones for Vietcombank, including the

the original growth plan designated for the period of 2010 - 2020 which emphasizes the utilization of all resources and a focus on the quality and effectiveness of operation. Following general guidance from the State Bank of Vietnam, we will develop a plan which shall improve our business both in size, quality of services and management capacity. In the near future, Vietcombank sets sights to become not only the best bank in Vietnam but also a strong



introduction of a new brand recognition system, the celebration of the Bank's 50<sup>th</sup> Anniversary and commemorating 5 years since its privatization, not to mention major changes in the management team. Today's Vietcombank, armed with the strength of experience and a unique business culture inherited from generations of bankers, is ready to overcome any hurdle on its path towards excellence. At Vietcombank, we are not merely proud of our heritage but consider it, more than anything, a valuable asset to propel the Bank to success.

Experts predict that macroeconomic conditions will improve markedly in 2014, although many difficulties and challenges should still be expected. Regardless, Vietcombank, by carefully analyzing business conditions and predicting market trends, with the motto of "Innovation - Growth - Quality" and the management directive of "Sharp - Resolute - Consistent", will stay steadfast to

bank by international standards in the region. For 2014, our credit growth target is set at 13% (given extra tight credit quality control). Other goals include developing the Bank's retail banking operations while strengthening its wholesale arm; incorporating advanced technology into all of our products and services; maintaining an overwhelming market share in international settlement and card business; expanding our network while improving the organizational structure both at the H.O. and at branch level; implementing more advanced risk management practices and maintaining relevant prudential ratios to prepare the Bank for BASEL II.

On the foundation of 50 years of history and a unique Vietcombank culture, under the leadership of our management team, Vietcombank as a community is poised to take on new challenges and seize all opportunities to grow sustainably in 2014 in preparation for our 2015 - 2020 strategic plan.

Chairman of the Board of Directors  
**NGUYEN HOA BINH**

Chief Executive Officer  
**NGHIEM XUAN THANH**



## GENERAL INFORMATION

### Transaction name

Name in Vietnamese:

NGÂN HÀNG THƯƠNG MẠI  
CỔ PHẦN NGOẠI THƯƠNG VIỆT NAM.

Name in English:

JOINT STOCK COMMERCIAL BANK  
FOR FOREIGN TRADE OF VIET NAM.

Transaction name: VIETCOMBANK

Shortened name: VIETCOMBANK

Business license No. 138/GP-NHNN issued  
by the State Bank of Vietnam on May 23, 2008.

Business Registration Information:

Tax code: 0100112437

Certificate of business registration No. 0103024468 first  
issued by Hanoi Authority for Planning and Investment  
on June 2, 2008.

8<sup>th</sup> amendment dated August 1, 2013.

Charter capital (Shareholders' capital):

23,174,170,760,000 VND

In words: *Twenty-three thousand one hundred and  
seventy-four billion one hundred and seventy million  
seven hundred and sixty thousand Vietnamese dong.*

Stock code: VCB

Par value: 10,000 VND

Total number of shares: 2,317,417,076

Address: 198 Tran Quang Khai St., Ly Thai To Ward,  
Hoan Kiem District, Hanoi, Vietnam.

Tel: 84 - 4 - 3 934 3137

Fax: 84 - 4 - 3 824 1395

Website: [www.vietcombank.com.vn](http://www.vietcombank.com.vn)

## PRODUCTS AND SERVICES/ GEOGRAPHICAL DISTRIBUTION

### Products and services

Vietcombank currently offers  
the following products and services:

- » Account services;
- » Funding services  
(savings, deposits, bonds, debentures);
- » Loan services (short, medium and long term);
- » Guarantee services;
- » LC negotiation services;
- » International payment services;
- » Remittance services;
- » Card services;
- » Collection services;
- » Foreign exchange trading services;
- » Correspondent banking services;
- » Factoring services;
- » Other services as indicated in  
VCB's certificate of business registration.

### Geographical distribution

At year-end 2013, Vietcombank has 1 Head office, 1 Operation center, 79 branches and 333 transaction offices operating in 47/63 provinces all across the country. Out of these, 10% are in the Northern Central region, 7.5% in the Eastern Central region, 22.5% in the Mekong Delta region (including Hanoi), 25% in the Southeastern region (including Ho Chi Minh City), 13.75% in the Coastal Southern Central region, 16.25% in the Southwestern region and 4% in the Highlands region. In addition, Vietcombank also boasts over 1,800 correspondent banks in more than 155 countries and territories worldwide.



## VIETCOMBANK'S PREDECESSOR

Vietcombank was originally established as the Foreign Exchange Control/Management Bureau under the National Bank of Vietnam on January 20, 1955, pursuant to Decree 443/TTg issued by the Prime Minister of Vietnam. In 1961, the Foreign Exchange Management Bureau was renamed as the Foreign Exchange Department under the State Bank of Vietnam according to Decree 171/CP dated October 26, 1961 by the Governmental Council. This institution had distinct responsibilities: Performing policy research on foreign exchange control, fulfilling its advisory capacity to the SBV and carrying out international banking operations.

## PERIOD OF 1963 – 1975

Born in wartime to become an active participant in the country's cause of unification.

Vietcombank officially came into operation on **April 1<sup>st</sup>, 1963** following Decision 115/CP dated October 30<sup>th</sup>, 1962 of the Governmental Council on the basis of splitting banking functions from the Foreign Exchange Department under the State Bank of Vietnam. During the American War from 1963 to 1975, as the only authorized foreign trade bank in Vietnam, Vietcombank was charged with a historic mission, which involved making contributions to the construction and economic development of North Vietnam but also provided major support for our battles raging in the South.

### The special Foreign Currency Fund

In April 1965, the Politburo ordered the State Bank of Vietnam to establish a Special Foreign Currency Fund at Vietcombank (code name: B29) to receive international aid and carry out special payments. The Politburo and the Southern Central Committee directly supervised this compact organization of merely a dozen people. In 10 years of top-secret operations, B29 had transported a large amount of financial aid in foreign currency to support our battles in the South.

## PERIOD OF 1976 – 1990

### Growing through hardship

After 1975, Vietcombank inherited the old regime's banking infrastructure to become the only authorized foreign trade bank in Vietnam responsible for holding the country's foreign currency reserves, facilitating international payments and providing import-export credit. In addition, Vietcombank played a key role in the successful negotiations for the reduction and deferment of state debts which took place at the Paris and London Clubs of creditors. Despite the trade embargo, Vietcombank was active within the international community in its search for aid and foreign currency loans, as well as in its efforts to promote payments and accelerate the country's post-war recovery and reconstruction.

## PERIOD OF 1991 – 2007

### Gaining foothold in a period of integration and innovation

This period saw Vietcombank's transformation from a specialized foreign trade bank into a state-owned commercial bank serving its clients through a wide network of branches across the country and representative offices all over the world. Vietcombank was also the first bank to complete the Restructuring Project for the Banking System (2000 – 2005), which focused on improving banks' financial capacity, management strength and technological base to develop better products and services. The Project had a two-fold goal: heightening banks' contribution to the economy's sustainable development and building their good reputation in the regional and global communities.

## PERIOD OF 2007 – 2013

### Pioneer in privatization and the leading bank of Vietnam

Vietcombank successfully completed its IPO in 2007 and officially started to operate as a joint-stock commercial bank on June 2<sup>nd</sup>, 2008. After the listing of its shares on the Ho Chi Minh Stock Exchange (HOSE) on June 30<sup>th</sup>, 2009, Vietcombank became the first state-owned bank to complete the privatization process. September 2011 marked another milestone in the Bank's history with the finalization of the Strategic Partner Agreement with Mizuho Corporate Bank.

On **April 1, 2013, Vietcombank celebrated its 50<sup>th</sup> Anniversary (1963–2013)** and received the Independence Medal, First Class awarded by the President of the Socialist Republic of Vietnam. On this occasion, Vietcombank also announced a new brand recognition system, along with a new motto: **"Together for the future"** – both of which represent the Bank's commitment to customers, a commitment of lasting friendship and partnership. By doing this, Vietcombank has virtually taken another step forward in its striving for sustainable development, which are shown not only through its change of public image but also through the continued improvements in the quality of services it provides. Vietcombank is now ready to reaffirm its position as the leading bank in Vietnam before reaching out to the world beyond.





## TOP MOMENTS OF 2013

“OUR SLOGAN “TOGETHER FOR THE FUTURE” AFFIRMS VIETCOMBANK’S COMMITMENT TO ALWAYS ASSIST CLIENTS ON THE PATH TOWARDS THE FUTURE AND OUR DETERMINATION TO CONTINUE INNOVATING AND DEVELOP SUSTAINABLY, THEREBY MAINTAINING OUR LEADING POSITION IN VIETNAM AND GRADUALLY REACHING OUT TO THE INTERNATIONAL PLAYGROUND.

### 1. LAUNCHING A NEW BRAND IDENTITY



On 31 March 2013, Vietcombank officially launched a new brand identity.

With the foundation inherited from



past generations of bankers and an unshakable position in the minds of our customers, Vietcombank has developed the new logo using our traditional green color representing the power of nature and the harmony of our operations, as well as our ambition to reach out to the world. The “V” in our old logo has been redesigned to appear more modern, stylish while still maintaining a connection to our past success. The letter “V” not only stands for our name (Vietcombank) but is also a manifestation of the spirit of Victory and our common faith in a prosperous future for Vietnam. The logo incorporates 6 core values of the Vietcombank brand: Creativity; Constant development; Thoughtfulness – Dedication; Connectivity; Difference; Safety and Security.

Our slogan “Together for the Future” affirms Vietcombank’s commitment to always assist clients on the path towards the future and our determination to continue innovating and develop sustainably, thereby maintaining our leading position in Vietnam and gradually reaching out to the international playground.

### 2. 50<sup>TH</sup> ANNIVERSARY AND BEING AWARDED THE INDEPENDENCE MEDAL, FIRST CLASS



On 1 April 2013, Vietcombank celebrated its 50<sup>th</sup> Anniversary and the honor of being awarded the Independence Medal, First Class by the President of Vietnam.

Speaking at the ceremony, Mr. Nguyen Hoa Binh – Chairman the Board of Directors of Vietcombank emphasized that the Bank’s 50 – year history must be viewed alongside the country’s struggle for national unification and the subsequent socio-economic development of Vietnam. That history marks the enormous efforts made by generations of Vietcombank staff and embodies the aspirations, beliefs and love of thousands of people. It is impossible now to recall the names and faces of those people, but together they have created a remarkable set of values for the brand name “Vietcombank”.

### 3. CHANGING SENIOR MANAGEMENT



At the 6<sup>th</sup> Annual General Shareholders Meeting in 2013, Vietcombank elected the Board of Directors and Supervisory Board for the period of 2013 – 2018. Later in the same year, the Board of Directors appointed Mr. Nghiem Xuan Thanh – Board Member to the position of Chief Executive Officer of Vietcombank, replacing Mr. Nguyen Phuoc Thanh who had been promoted to the position of Deputy Governor of the State Bank of Vietnam. By the Decision No 2278-QD/DUK dated 22 August 2013, the Party Committee for State-Owned Enterprises also appointed Mr. Nghiem Xuan Thanh to be a member of its Executive Committee, Standing Committee and to hold the position of Vietcombank’s Party Secretary for the period of 2010 – 2015.

### 4. STRENGTHENING LOCAL COOPERATION



In 2013, Vietcombank has been proactive in approaching business partners and winning potential deals, as evident through our multiple cooperative agreements signed with large corporations such as PetroVietnam Exploration Production Corporation (PVEP), Vietnam Rubber Group (VRG),

Vietnam Electricity Corporation (EVN), National Power Transmission Corporation (EVNNPT), Vietnam National Coal – Mineral Industries Holding Corporation Limited (Vinacomin), Viettel Group, Vietnam Airlines, etc.

In order to contribute to the infrastructural development of the country, Vietcombank has also financed major national projects such as Lai Chau Hydropower Plant Project (6,500 billion VND), the Seaport of Coastal Power Station Project (1,000 billion VND); 500KW Power Line Project in Son La – Lai Chau (3,200 billion VND), etc.

### 5. EXPANDING INTERNATIONAL COLLABORATION



In addition to our regular activities to maintain a good relationship with domestic and foreign shareholders and investors, in 2013, Vietcombank also participated in several domestic and foreign IR events such as the International Investor Conferences in Japan, Thailand and Singapore, as well as other local and international events to affirm the position of Vietcombank and to seek business opportunities (WB – IMF conference, ADB, ABA, etc).

In 2013, Vietcombank’s Board of Management attended many bilateral meetings with international financial institutions such as BNP Paribas Cadif, Standard Chartered Bank and Visa. Vietcombank also signed MOUs and cooperation agreements

with major financial groups and banks such as Fidea Holdings Corporation, San-in Godo Bank (Japan), International Investment Bank (IIB). A delegation from Vietcombank, led by Mr. Nghiem Xuan Thanh also paid an official visit to Mizuho Financial Group (MHFG) in Tokyo, Japan between 20-22 November 2013 at the invitation of Mr. Nobuhide Hyashi – Board Member and Deputy General Director of Mizuho.

In 2013, Vietcombank also established the Japanese Customers Service Desk (Japan Desk) and announced our program to cooperate with 40 Japanese regional banks (JRBs) under the scheme introduced by the Japan Bank for International Cooperation (JBIC).

### 6. EXPANDING VIETCOMBANK’S NETWORK



In 2013, the State Bank of Vietnam approved of Vietcombank’s network development scheme, which would allow the latter to establish 15 new branches and 38 transaction offices. This was by far the largest expansion Vietcombank had ever made and thus was expected to open up more opportunities for the Bank to provide diversified, modern and useful financial and banking services to clients from all economic sectors and of various types. By the end of 2013, Vietcombank’s domestic network included more than 400 branches and transaction offices nationwide.



## TOP MOMENTS OF 2013 (Continued)

### 7. EXCEEDING MOST OF THE BUSINESS TARGETS SET OUT IN 2013



On the whole, as at December 31, 2013, Vietcombank had completed the year's business targets as set out by the Board of Directors, with details as follows:

- » Total Assets reached 468,994 billion VND, up 13.2% compared to 2012, successfully maintained the market share and surpassed the year's target.
- » Deposits from the economy reached 334,259 billion VND, increased by 16.3% compared to the previous year.
- » Loans to customers reached 278,357 billion VND, up 14.8% compared to 2012, higher than the average credit growth of the whole banking industry and surpassing the targeted growth rate.
- » Non-Performing Loans ratio was curbed at 2.73% of the loan book, lower than the ceiling ratio set for the year at the General Shareholders' Meeting.
- » Most of our other performance targets were also achieved:
  - Total import/export settlement

volume reached 41.6 billion VND, up by 7.2% compared to 2012, accounting for nearly 15.8% of the market.

- Forex sales totaled 45.2 billion USD, up by 7.1% compared to 2012.
  - Total remittance from overseas came up to almost USD 1.3 billion, up by 4.6% from 2012.
- » Consolidated Profits before Tax of Vietcombank in 2013 was 5,743 billion VND.

### 8. ACTIVELY PARTICIPATING IN SOCIAL WELFARE ACTIVITIES



As a large enterprise who is acutely aware of its social responsibility and its pioneering role in the implementation of economic development policies, Vietcombank has always been an active participant in community programs. In 2013, Vietcombank allocated more than 231 billion VND to social welfare activities and charities. Vietcombank was involved in large programs to provide funding for the Northwestern and Southwestern regions and the Central Highlands, particularly funding for a construction project to bring electricity to Co To island, funding a cancer hospital in Da Nang city, funding for an education center for orphans and nursing home for

the elderly in An Giang, for schools and health-care centers in Ninh Binh province, 06 schools in Hue city and many schools in other locations in Vietnam. All these projects represent Vietcombank's high level of social awareness and responsibility to the community.

### 9. AMONG THE TOP 10 LARGEST CORPORATE TAXPAYERS IN VIETNAM



In 2013, Vietcombank was honored to maintain itself among the top 10 largest income taxpayers in Vietnam. This was proof of the Bank's considerable contribution to the State budget and confirmed the efficiency in our business operations and our commitment to be the leading bank in Vietnam.

### 10. RECEIVING MANY NOTABLE DOMESTIC AND INTERNATIONAL AWARDS

In 2013, with our many business successes and positive contribution to the development of the banking sector in particular and the economy in general, Vietcombank has received many awards from prestigious domestic and international institutions. These include "Top 50 businesses in Vietnam" awarded by Advisory



The Banker  
**TOP 1000**  
WORLD BANKS 2013  
thebankerdatabase.com

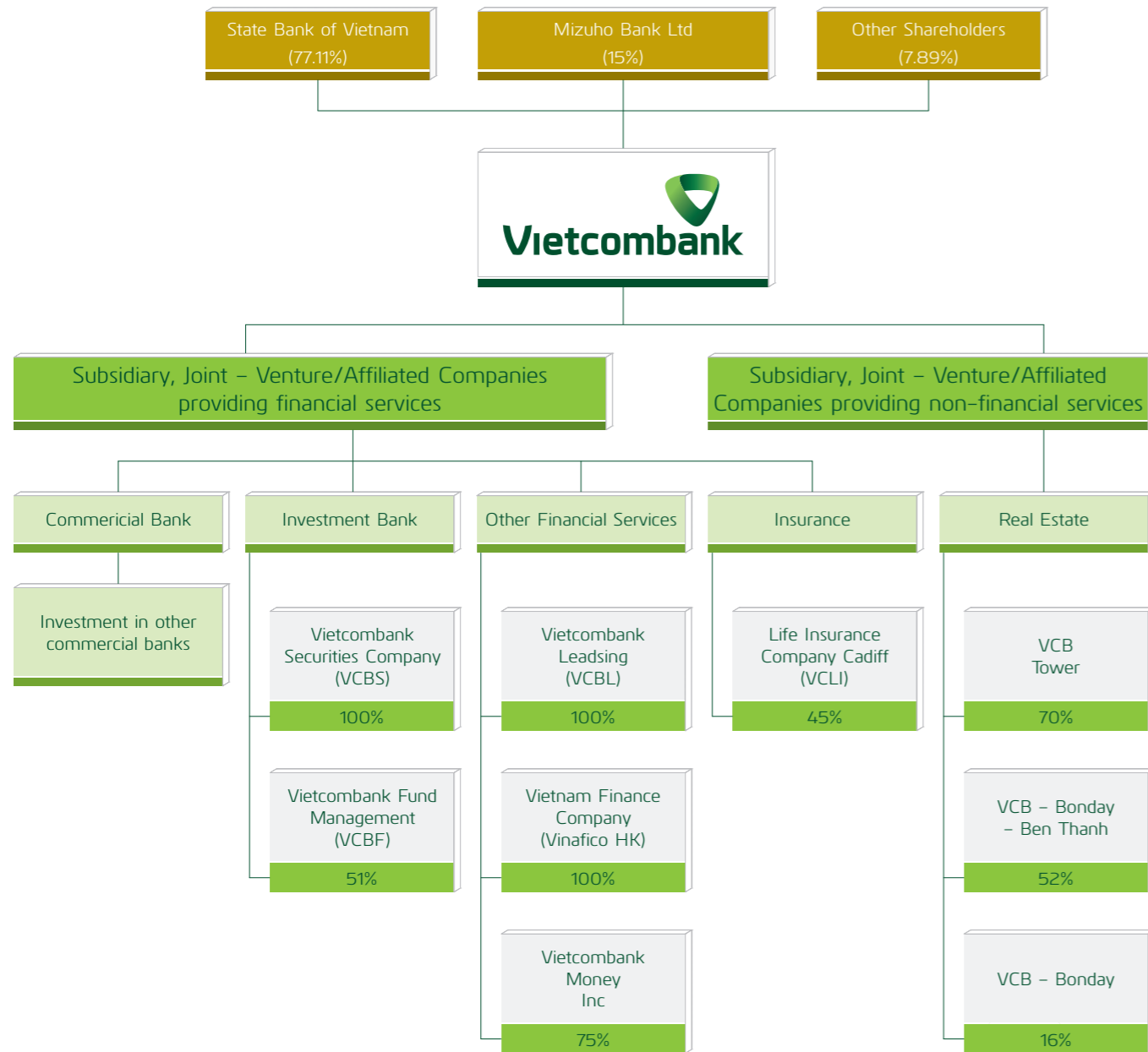
**Vietcombank**  
World Ranking: 445  
Country Ranking: 1

Council for the survey "Top 50 Most Effective Businesses in Vietnam in 2013" in collaboration with the Vietnam Journal of Investment; "Best Bank in Vietnam 2013" and "Best Foreign Exchange Bank in Vietnam 2013" by FinanceAsia magazine; "Best Trade Finance Bank in Vietnam" (2008 - 2013) by Trade Finance magazine; "Best Cash Management Bank in

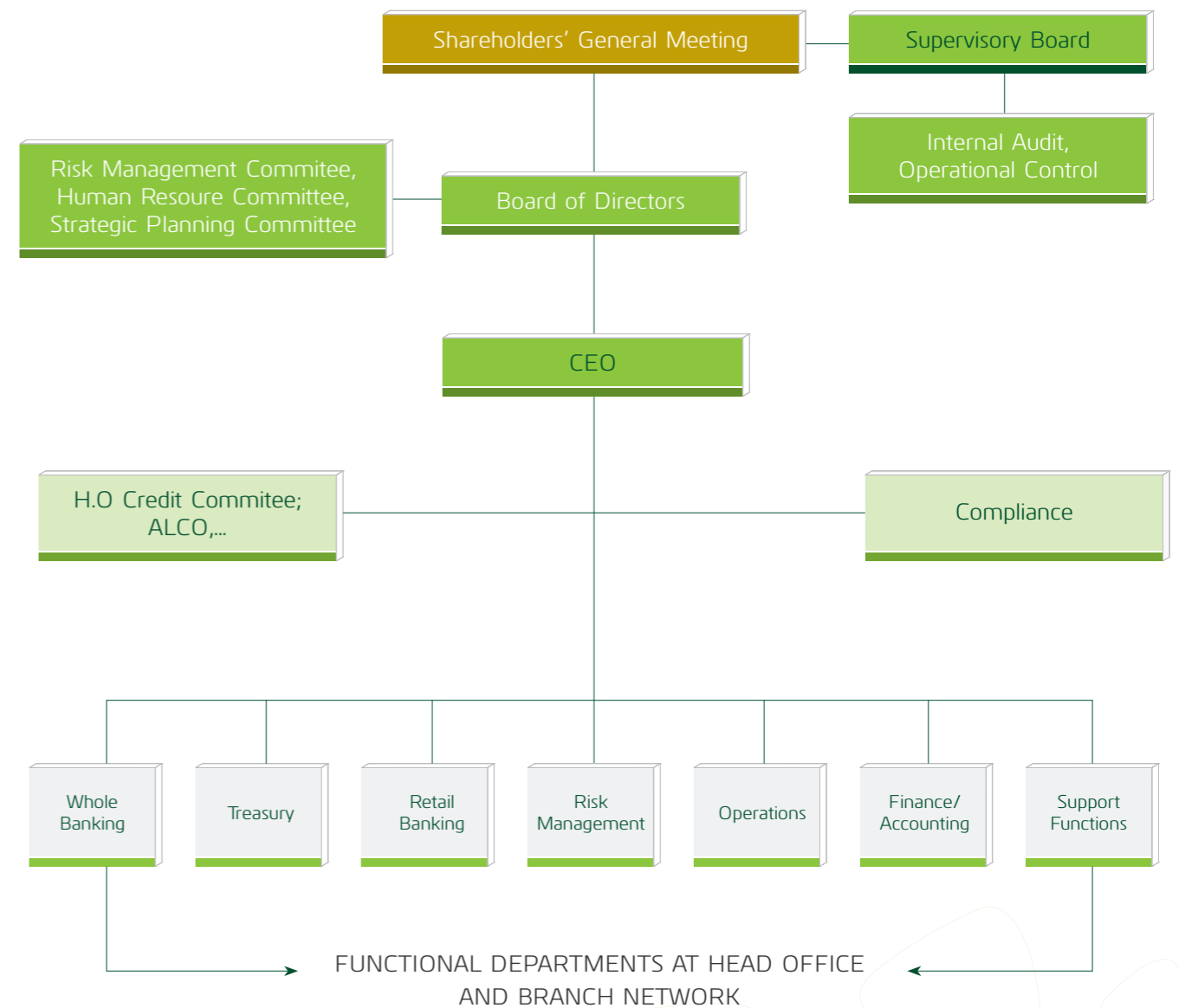
Vietnam 2013", "Best Counterparty Bank in Vietnam 2013" as well as "Strongest Bank Balance Sheet Recognition 2013" by The Asian Banker magazine. Vietcombank was also the only Vietnamese bank to appear in the upper half of The Banker magazine's list of Top 1,000 World Banks 2013, the highest ranking ever achieved by any local Vietnamese bank.



# BUSINESS MODEL



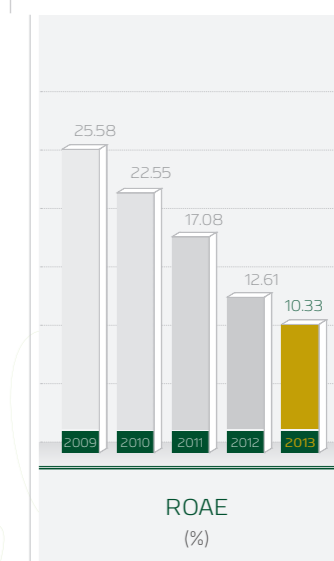
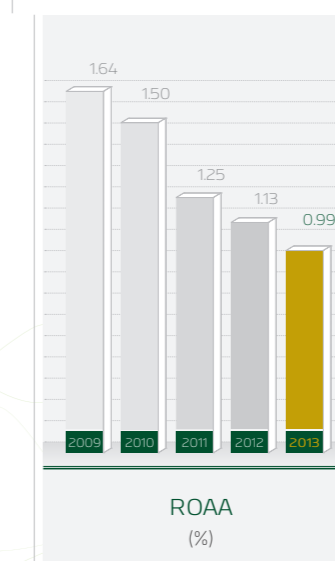
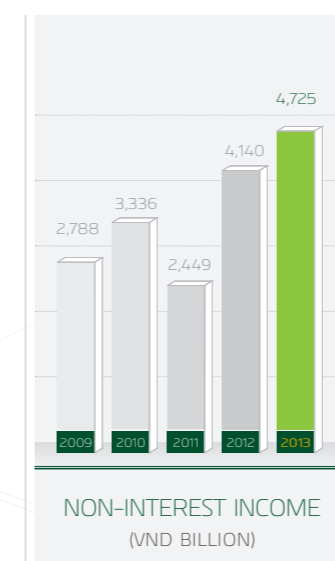
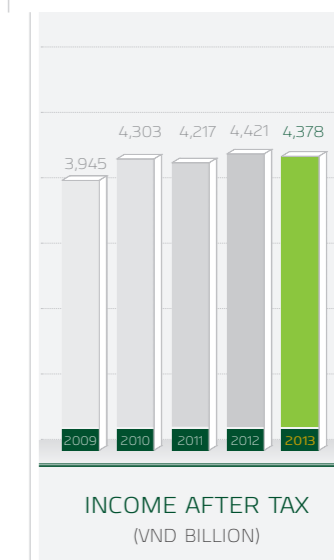
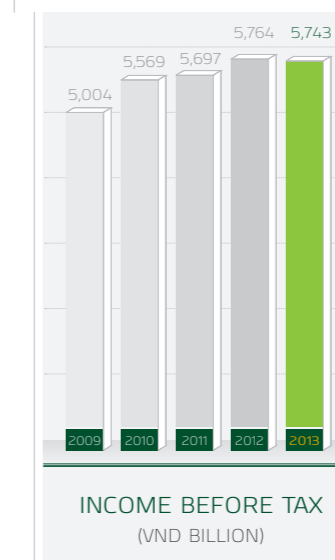
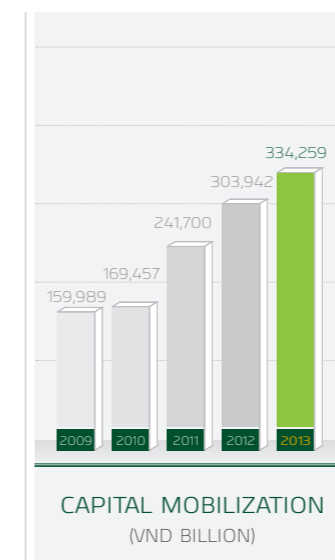
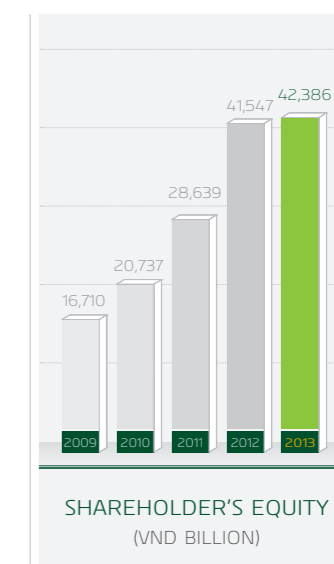
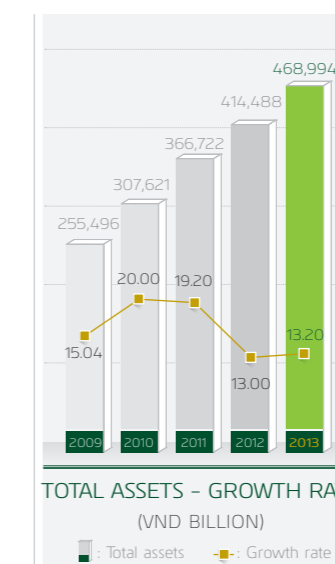
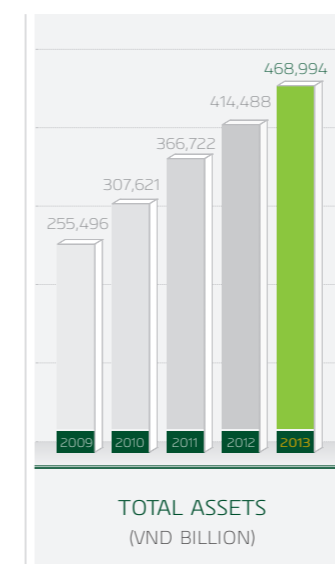
# ORGANIZATIONAL STRUCTURE





KEY FINANCIAL  
FIGURES OF 2009 – 2013

	Unit	2009	2010	2011	2012	2013
<b>FINANCIAL FIGURES</b>						
Total assets	VND billion	255,496	307,621	366,722	414,488	<b>468,994</b>
Shareholder's equity	VND billion	16,710	20,737	28,639	41,547	<b>42,386</b>
Gross Loans/Total assets	%	55.43	57.50	57.11	58.19	<b>58.49</b>
Non-interest income	VND billion	2,788	3,336	2,449	4,140	<b>4,725</b>
Total operating income	VND billion	9,287	11,531	14,871	15,081	<b>15,507</b>
Total operating expense	VND billion	(3,494)	(4,578)	(5,700)	(6,013)	<b>(6,244)</b>
Net operating income before loan loss provision	VND billion	5,793	6,953	9,171	9,068	<b>9,263</b>
Loan loss provision	VND billion	(789)	(1,384)	(3,474)	(3,303)	<b>(3,520)</b>
Income before tax	VND billion	5,004	5,569	5,697	5,764	<b>5,743</b>
Income tax	VND billion	(1,060)	(1,266)	(1,480)	(1,343)	<b>(1,365)</b>
Income after tax	VND billion	3,945	4,303	4,217	4,421	<b>4,378</b>
Net income after tax	VND billion	3,921	4,282	4,197	4,397	<b>4,358</b>
<b>PROFITABILITY RATIOS AND SECURITY RATIOS</b>						
NIM	%	2.81	2.83	3.41	-	-
ROAE	%	25.58	22.55	17.08	12.61	<b>10.33</b>
ROAA	%	1.64	1.50	1.25	1.13	<b>0.99</b>
<b>SECURITY RATIOS</b>						
Gross loans/Total deposits	%	83.57	84.88	86.68	79.34	<b>80.62</b>
NPLs	%	2.47	2.83	2.03	2.40	<b>2.73</b>
CAR	%	8.11	9.0	11.14	14.63	<b>13.13</b>
<b>STOCK</b>						
Common stock	million stock	1,210	1,322	1,970	2,317	<b>2,317</b>
Dividend payout	%/year	12.0	12.0	12.0	12.0	12.0
Stock price (at the year end)	VND	28,690	26,820	20,130	26,230	26,800
Market capitalization	VND billion	34,717	35,466	39,652	60,786	62,107
EPS	VND	2,871	2,315	1,789	1,909	1,878
DPS VND/share	VND/share	1,200	Dividend by share, dividend rate of 12%	1,200	1,200	Dividend rate of 12%/par price





MISSION & VISION  
“ **2020**  
BECOME THE BEST BANK IN VIETNAM, RANKED AMONG THE 300 LARGEST FINANCIAL GROUPS IN THE WORLD AND MANAGED ACCORDING TO INTERNATIONAL BEST PRACTICES.

THE BEST BANK  
IN RISK MANAGEMENT.

NO.1 BANK IN TERMS OF THE  
QUALITY OF HUMAN RESOURCES.

NO.1 BANK IN TERMS OF  
CUSTOMER SATISFACTION.

NO.1 IN TERMS OF  
PROFITABILITY, WITH  
ROE OF AT LEAST 15%.

NO.1 IN RETAIL BANKING,  
AMONG THE TOP 2 IN  
WHOLESALE BANKING.

## MEDIUM AND LONG TERM STRATEGIES

Develop and expand activities to become a universal financial group with regional and international influence.

Continue to affirm its position with regards to Vietcombank's core businesses – commercial banking operation based on **modern technology**, high quality **human resources** and **administration** following international standards.

Strengthen wholesale arm and promote retail activities as a foundation for sustainable development; maintain and expand the Bank's domestic market

share while reaching out to oversea ones.

Expand and promote investment banking services portfolio (consulting, brokerage, security trading, investment fund management...), insurance services, financial and non-financial services, including real estate business through joint-ventures with foreign partners.

Safety and effectiveness in business is a primary target, while **"Aiming towards a green bank for the community's sustainable development"** is considered as a long term objective.

## THE OBJECTIVES FOR SOCIETY AND COMMUNITY DEVELOPMENT

Not only is Vietcombank keen on its business development but the Bank is also determined to continue its engagement in community development and social welfare support:

- » Vietcombank puts considerable efforts in ensuring its own sustainable business development so as to create unimpeded financial flow, which in turn supports the country's socio-economic development in general and the development of the banking sector in particular.
- » Vietcombank's activities always revolve around the community and society, where our ultimate goal

is to support our countrymen's prosperity and happiness. Vietcombank values "Humanities" as a core value of our culture and as such, is ready not only to work with our customers, clients, partners in business but also to support the poor, send aid to remote areas and ethnic minorities. Caring for social welfare and devoting significant resources to community support programs are important goals which Vietcombank religiously aims for. With that as the center of our operation, we have created and nurtured the brand value and reputation of Vietcombank over the past half century. We shall continue to do so even farther into the future.



## DOMESTIC ACHIEVEMENTS



01

### NATIONAL BRAND

2013 is the third consecutive year Vietcombank has been recognized as a National Brand by the National Brand Selection Council.

02

### STRONG BRAND IN VIETNAM (2003 – 2013)

This award is presented annually by Vietnam Economy Times to honor notable businesses of the year.

03

### FAVORITE BRAND IN 2013 AS VOTED BY CONSUMERS

The award is part of the "Southeast Asia Banking Forum" organized by the Vietnam Banks Association in collaboration with International Data Group (IDG) ASEAN to honor the banks whose achievements have contributed to the financial and banking industry in 2013.

04

### TOP 10 LARGEST VIETNAMESE CORPORATE TAX PAYERS

In 2013, Vietcombank continues to be voted as one of the 10 largest corporate tax payers in Vietnam. The rankings are released by Vietnam Report, the VNR500 Advisory Board and the Vietnam General Department of Taxation.

05

### TOP 50 MOST EFFICIENTLY RUN ENTERPRISES IN VIETNAM

In-depth survey results and annual business ranking by Bridge Investment Magazine conducted with the participation of an Advisory Council consisting of financial analysts of Harvard Business School (USA), Bank Morgan Stanley and McKinsey & Company.

## INTERNATIONAL AWARDS

Achievement awarded by International Magazine

### AsiaMoney

- » Best Local Currency Cash Management Services in Vietnam 2013 as voted by Financial Institutions – VND.

### FinanceAsia

- » Best Bank in Vietnam 2013.
- » Best Foreign Exchange Bank in Vietnam 2013.

### The Asian Banker

- » Best Cash Management Bank in Vietnam.
- » The Leading Counterparty Bank in Vietnam.
- » Strongest Bank Balance Sheet in 2013.

### The Banker

- » Ranked #445 in The Banker's list of Top 1000 World Banks, considerably higher than 2012 and is the only Vietnamese bank to appear in the upper half of the ranking.
- » Ranked 3<sup>rd</sup> among the 5 Highest Movers in Asia (excluding Japan and China) in terms of Tier-1 capital, based on The Banker's database.

### Trade Finance Magazine

- » Vietcombank is the only Vietnamese bank to be named "Best Trade Bank in Vietnam" by Trade Finance magazine for 6 consecutive years (2008–2013).

Recognitions by foreign correspondent banks

### JPMorganChase

- » - The 2013 Quality Recognition Award for Outstanding Achievement of Best-in-Class MT103 STP Rate 98.25%, awarded by JP Morgan Chase.
- » The 2013 Quality Recognition Award for Outstanding Achievement of Best-in-Class MT202 STP Rate 99.56%, awarded by JP Morgan Chase.

### BNY Mellon

- » BNY Mellon STP Award presented to VIETCOMBANK in Recognition Award of your Outstanding Payment Formatting and Straight-Through Rate 2013.

### Wells Fargo Bank

- » The Recognition Award for Achieving a High Straight-Through Rate for Payment Processing at Wells Fargo Bank, N.A. in the first six month of year 2013.

### CitiBank

- » Citi Vietnam's STP Award.



*Green* of SUCCESS  
TO CREATE NEW ACHIEVEMENTS

## Report of the Board of Management

- Business activities in 2013
- Shareholding structure
- Status of investments and projects
- Report by BoM on Vietcombank performance
- Report by BoD on Vietcombank performance



NO.	FINANCIAL RESULTS	UNIT	2012	2013
<b>A</b>	<b>FINANCIAL RESULTS</b>			
1	Total Assets	billion VND	414,488	<b>468,994</b>
2	Income	billion VND	38,836	<b>36,682</b>
3	Tax and other payable	billion VND	2,066	<b>2,027</b>
4	Profit before tax	billion VND	5,764	<b>5,743</b>
5	Profit after tax	billion VND	4,421	<b>4,378</b>
<b>B</b>	<b>KEY FINANCIAL FIGURES</b>			
1	<b>Total Capital</b>			
1.1	Charter Capital	billion VND	23,174	<b>23,174</b>
1.2	Total Assets	billion VND	414,488	<b>468,994</b>
1.3	Capital Adequacy Ratio	%	14.83	<b>13.13</b>
2	<b>Business Performance</b>			
2.1	Capital Mobilization	billion VND	5,229,568	<b>5,577,796</b>
2.2	Loans and Advances to customers	billion VND	561,316	<b>578,823</b>
2.3	Total collectables	billion VND	529,628	<b>547,605</b>
2.4	Non performing loans	billion VND	5,796	<b>7,475</b>
2.5	Gross loans/ Total deposits (in VND)	%	76.1	<b>80.5</b>
2.6	Overdue guarantees/Total guarantees	%	8.8	<b>6.1</b>
2.7	Overdue loans/Gross loans	%	4.38	<b>3.39</b>
2.8	Impaired loans/Gross loans	%	2.40	<b>2.73</b>
3	<b>Liquidity</b>			
3.1	Liquidity due immediately	%	37.59	<b>32.97</b>
3.2	Liquidity due in 7 days by currency (at least one currency)			
	- VND		2.04	<b>2.11</b>
	- EUR		2.05	<b>1.64</b>
	- GBP		2.70	<b>2.16</b>
	- Other currencies in USD equivalent		1.88	<b>1.47</b>

**SHAREHOLDING STRUCTURE AND CHANGES  
IN SHAREHOLDERS'S EQUITY (AS AT 31 DECEMBER 2013)**

**SHARES**

Total number of Shares	Type of Shares	Number of transferable shares	Number of restricted shares
<b>2,317,417,076</b>	Common shares	182,736,262	2,134,680,814

**LIST OF SHAREHOLDERS WITH LIMITED NUMBERS OF TRANSFERABLE SHARES**

No.	Name of shareholders	Number of shares	Number of restricted shares	Restricted transfer duration
1	State Bank of Vietnam (representing State Capital)	1,787,023,116	1,787,023,116	Subject to the law on credit institutions No.47/2010/QH12
2	Internal Shareholders	45,136	45,136	
	Board of Directors	33,097	33,097	During terms of office
	Supervisory Board	12,039	12,039	
3	Foreign Strategic Partner Mizuho Corporate Bank Ltd	347,612,562	347,612,562	5 years from 28 December 2011
	<b>TOTAL</b>		<b>2,134,680,814</b>	

**SHAREHOLDING STRUCTURE**

No.	Shareholders	Number of shares	Holdings %	Number of shareholders
I	State Bank of Vietnam (representing State Capital)	1,787,023,116	77.11%	1
II	Foreign Strategic Partner Mizuho Bank Ltd	347,612,562	15.00%	1
III	Other shareholders	182,781,398	7.89%	21,253
1	Domestic Individuals	49,062,992	2.12%	20,442
2	Domestic Organizations	25,483,360	1.10%	175
3	Foreign Individuals	6,681,957	0.29%	526
4	Foreign Organizations	101,553,089	4.38%	110
	<b>TOTAL</b>	<b>2,317,417,076</b>	<b>100.00%</b>	<b>21,255</b>

**LIST OF MAJOR SHAREHOLDERS**

No.	Shareholders	Address	Number of shares	Holdings %
1	STATE BANK OF VIETNAM	47-49 Ly Thai To, Hoan Kiem, Ha Noi	1,787,023,116	77.11%
2	MIZUHO BANK LTD.	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan	347,612,562	15%



## STATUS OF INVESTMENTS AND PROJECTS

### ADDED/WITHDREW INVESTMENT CAPITAL IN 2013

In 2013, VCB added/withdrew investment capital as follows:

Unit: VND billion			
Company name	Short name	Nature of business	Added/(Withdrew) investment capital in 2013
Vietcombank Money INC	VCBM	Remittance services	20.51
Military Bank	MB	Banking	100.35
Co-op Bank (previously Central People's Credit Fund)		Banking and Finance	(5.00)
PetroVietnam Drilling & Well Service Corp	PVD	Oil and Gas	(50.45)
HCM City Infrastructure Investment JSC	CII	Infrastructure	(13.68)

### SUBSIDIARIES, JOINT-VENTURE AND ASSOCIATES

#### GENERAL INFORMATION ABOUT SUBSIDIARIES

Unit: VND billion					
Company name	Short name	License of operation	Nature of business	Investment capital 31/12/2013	% of Shareholding
Vietcombank Securities Co., Ltd	VCBS	License No 09/GPHDKD dated 24/04/2002, with finally amended license according to license No. 25/GPDC-UBCK dated 11/06/2013 by State Security Commission.	Security	700.00	100%
Vietcombank Leasing Co., Ltd	VCBL	License No 05/GP-CTCTTC dated 25/5/1998 by State Bank.	Financial leasing	500.00	100%
Vietnam Finance Company in Hong Kong	VFC	License No 05456282-000-02-13-6 issued by Hong Kong Currency Control Agency dated 10/02/2013.	Financial services	116.90	100%

Unit: billion VND

Company name	Short name	License of operation	Nature of business	Investment capital 31/12/2013	% of Shareholding
VCB Money Inc	VCBM	License No. E0321392009_6 issued by local government of Nevada dated 15/06/2009.	Remittance services	84.86	75%
Vietcombank Tower 198 Co., Ltd	VCBT	License No. 1578/GP dated May 30 <sup>th</sup> , 1996, and No. 1578/GPDC1 dated 18/4/2006 issued by Ministry of Planning and Investment	Office leasing	197.65	70%

#### BRIEF INTRODUCTION OF OPERATION AND FINANCIAL STATUS OF VIETCOMBANK'S SUBSIDIARIES

**VCBL** is a subsidiary 100% owned by Vietcombank, specializing in financial leasing. In 2013, VCBL has employed an active and flexible business strategy, resulting in stable business outcomes. The company's outstanding loans as of 31/12/2013 were VND 1,612 billion, up by 19.8% compared to 2012. Profit after tax in 2013 was VND 37.84 billion, meeting the target of the year 2013 (VND 37.6 billion).

**VCBS** is a subsidiary 100% owned by Vietcombank. In 2013, taking advantage of positive changes in the stock market, the company's business activities improved significantly. More specifically, profit after tax of the company in 2013 reached VND 70.88 billion, which was a 74.1% increase against the full-year target ( VND 40.7 billion).

**VFC** is a subsidiary 100% owned by Vietcombank, specializing in financing business in Hong Kong. VFC's main services include mobilizing deposits, lending, payment and money transfer. In 2013, VFC's profit after tax was VND 2.3 billion, 1.12 times higher than the target of the year 2013 (VND 1.08 billion).

**VCBM** is a joint stock company with 75% chartered capital owned by Vietcombank. VCBM specializes in the remittance service from USA to Vietnam. The Company is at its initial development stage and, therefore, not yet profitable. In 2013, the company obtained the money service business licenses in California and Virginia; launched its remittance services in California, New Mexico, South

Carolina through 2 stores and nearly 30 agents. VCBM expects it will soon obtain similar licenses in Washington State và Hawaii. However this process depends on capital injection schedule. The company sets the target of obtaining 3 or 4 licenses in 2014.

**VCBT** is a 70%:30% joint venture between Vietcombank and FELS Property Holdings Pte, Ltd. from Singapore, engaging in office leasing at Vietcombank Tower which locates at 198 Tran Quang Khai street, Hoan Kiem district, Hanoi, Vietnam. In 2013, despite many difficulties in office leasing, the company continues to maintain stable operation with profit after tax of VND 77.87 billion, increasing by 17.8% against the target for 2013 (VND 66.1 billion).

STATUS OF  
INVESTMENTS AND PROJECTS (Continued)

**GENERAL INFORMATION ABOUT JOINT-VENTURE AND ASSOCIATES**

Unit: VND billion

Company name	Short name	License of operation	Nature of business	Investment capital 31/12/2013	% of Shareholding
Vietcombank – Bonday – Ben Thanh Company, Ltd	VBB	License No. 2458/GP issued by Ministry of Planning and Investment dated 07/02/2005.	Office leasing	351.61	52%
Vietcombank Fund Management Company	VCBF	License No. 06/UBCK-GPHĐQLQ issued by State Security Commission dated 02.12.2005; final amendment according to license No. 19/GPĐC-UBCK dated 21/06/2013.	Investment fund management	28.05	51%
Vietcombank Cardif Life Insurance Co., Ltd	VCLI	No. 55/GP issued by Ministry of Finance dated 23.10.2008.	Life insurance	270.00	45%
Vietcombank Bonday Limited	VCBB	No. 283/GP issued by Department of Planning & Investment dated 05.12.1991.	Office leasing	11.11	16%
Vietcombank Partner Fund 1	VPF1	No 02/UBCK-TLQTV issued by State Security Commission dated 29/12/2005.	Investment fund	6.60	11%

**BRIEF INTRODUCTION OF OPERATION AND FINANCIAL STATUS OF JOINT-VENTURE AND ASSOCIATES**

**VBB** is a joint venture between Vietcombank and HCM Commercial Services JSC (Setra Corp.) and Bonday Investments Ltd. (Hong Kong) with contribution ratio of 52%, 18% and 30% respectively. VBB operates in (Class A) office and apartment leasing, as well as providing office for Vietcombank's branches and subsidiaries in Ho Chi Minh City. Currently, the VBB tower is under construction and is expected to go into operation by the end of 2014.

**VCBF** is a joint venture between Vietcombank and Franklin Templeton with contribution ratio of 51% and 49% respectively. VCBF operates in calling for and managing securities investment funds and subsequently managing securities investment portfolio.

In 2013, VCBF revenue decreased largely due to the liquidation of the

VPF1 and VPF3 funds. Besides, the company established new funds that were at a loss of VND 11.79 billion in 2013. However, this is the expected loss on the plan of the company.

**VCLI** is a joint venture between Vietcombank, BNP Paribas Cardif and Seabank with contribution ratio of 45%, 43% and 12% respectively. VCLI operates in the life insurance sector and sells insurance products via partner banks (bancassurance). At present, VCLI provides life insurance products such as personal credit insurance, group credit insurance, credit insurance for co-borrowers, death insurance etc.

VCLI's profit after tax in 2013 was VND 13.61 billion.

**VCBB** is a joint venture between Vietcombank, Sai Gon Real Estate

Corporation and Bonday Investments Ltd., Hong Kong, operating in office leasing. VCBB manages the Harbour View Tower which locates at No. 35 Nguyen Hue street, District 1, HCMC.

In 2013, VCBB still maintained stable operation with profit after tax being VND 28.69 billion.

**VPF1** was established at the end of 2005 with charter capital of VND 200 billion, of which VCB contributed VND 20 billion (equivalent to 11%). Over the past years, VPF1 obtained high profits and paid dividends and capital for investors regularly at the rate of nearly 220% of its initial capital. Currently, the fund has charter capital of VND 60 billion, of which the VCB contributes VND 6.6 billion (equivalent to 11%). The fund is in the divestment process to return money to investors.





# BUSINESS PERFORMANCE IN 2013

“ DESPITE ONGOING DIFFICULTIES IN THE FINANCIAL SECTOR AND THE OVERALL ECONOMY OF VIETNAM, IN 2013, VIETCOMBANK STILL FULFILLED ITS ROLE AS ONE OF THE MAJOR LEADING BANKS LOCALLY, COMPLYING STRICTLY WITH THE INSTRUCTIONS FROM THE GOVERNMENT AND THE CENTRAL BANK, AND THEREBY CONTRIBUTING TO THE OVERALL PERFORMANCE OF THE BANKING SECTOR AND MAINTAINING MACROECONOMIC STABILITY. WITH A BUSINESS MINDSET ON BEING ‘RESILIENT – FLEXIBLE – EFFECTIVE’, THE BOARD OF MANAGEMENT CLOSELY MONITORED MARKET FLUCTUATIONS AND VIETCOMBANK’S ORIENTATION TO ACHIEVE ITS MISSION IN 2013 FOR ‘INNOVATION, QUALITY, SAFETY, AND EFFICIENCY’. AT THE END OF 2013, VIETCOMBANK SUCCESSFULLY FULFILLED THE BUSINESS OPERATION TARGETS SET OUT BY THE BOARD OF DIRECTORS FOR THE YEAR.

## TOTAL ASSET AND TOTAL SHAREHOLDERS’ EQUITY

Total asset as of December 31, 2013 reached VND 468,994 billion, a 13.2% increase from the preceding year, strongly maintaining Vietcombank’s market share and exceeding its initially proposed target.

Total shareholders’ equity in 2013 reached VND 42,386 billion, up 2% from the previous year, among which retained earnings was VND 6,291 billion, up by 2.5% against the preceding year.

**468,994**  
VND BILLION  
TOTAL ASSET

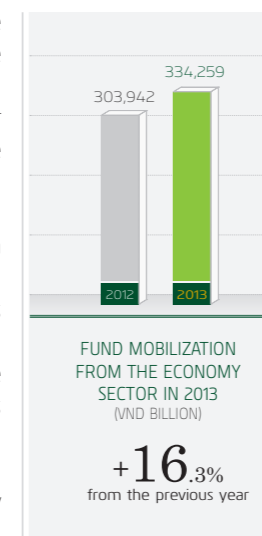
**334,259**  
VND BILLION  
FUND MOBILIZATION – UP 16.3%  
FROM THE PREVIOUS YEAR



Good growth of the **FUND MOBILIZATION** from the economy sector, helping to meet the demand of fund and to ensure liquidity security of the bank system.

In 2013, Vietcombank closely monitored the volatility of funding level and capital usage to adjust measures for fund mobilization in time. Liquidity contingency plan for the year was set out to ensure liquidity safety for the bank’s entire system.

Fund mobilization structure witnessed a positive change: the proportion of funding from demand deposits increased thanks to Vietcombank’s proactive approach in targeting demand deposits to increase operation’s efficiency. The bank’s relationship with the State Treasury and other organizations with stable funding sources in the whole country was strongly strengthened on the system wide basis.



Public funding in 2013 reached VND 334,259 billion, up by 16.3% from the preceding year and 12% higher than the proposed target. If borrowings from Vietnam Social Insurance is included, the Bank’s public funding in 2013 was VND 340,259 billion, a 11.6% increase from the preceding year.

Funding structure by currencies remained relatively stable compared with the year 2012. The proportion of funding in VND was maintained at 75%. Compared with the previous year, fund mobilization increased by 6.8% from individual depositors, 28.6% from corporate depositors, and 29.3% from interbank market.

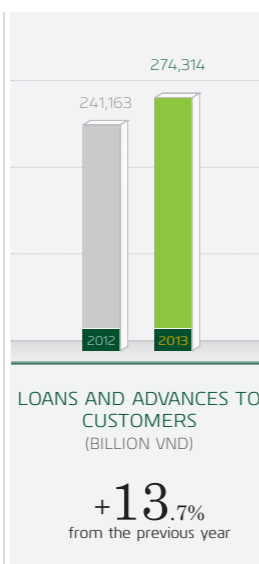
# BUSINESS PERFORMANCE IN 2013 (Continued)

## THE FUND MOBILIZATION FROM THE ECONOMY SECTOR (Continued)

### GOOD CREDIT GROWTH, EXCEEDING THE PROPOSED TARGET FOR THE YEAR, DEPLOYING A LARGE NUMBER OF CREDIT PRODUCTS TO CREATE SOLID FOUNDATION FOR SUSTAINABLE GROWTH IN 2014.

Being a large commercial bank in Vietnam, regarding credit business in 2013, Vietcombank always complied strictly with the instructions from the government to ensure its overall banking safety.

- » To implement effective solutions for credit expansion, and tackle difficulties in business, has actively initiated several credit programs with preferential interest rates to support the economy. In 2013 alone, the total loan portfolio with preferential interest rates amounted to more than VND 200,000 billion.
- » Vietcombank allocated up to 42% of its funding resources to make loans to prioritized sectors including agriculture, exports, supportive manufacturing, small and medium-sized enterprises, and high-tech industries.
- » Vietcombank continued loan disbursement and provided after-disbursement services to various projects of national importance to



contribute to the national infrastructure development, including such projects as Son La Hydropower Plant, Lai Chau Hydropower Plant, and Dung Quat Oil Refinery, etc.

- » Vietcombank also provided soft loans for housing programs according to Circular 11/2013/TT-NHNN on 15/05/2013 from the State Bank of Vietnam. At year end of 2013, Vietcombank committed to provide soft housing loans for 487 individuals with low income, public officers, civil servants, and the armed forces. Total committed loans amount to VND 190 billion, with total outstanding balance at December 31, 2013 reaching VND 128 billion.

As of end-2013, total loan to the economy (including investments in corporate bonds) was VND 278,357 billion, 14.8% up from the previous year, higher than the average credit growth rate of the whole banking sector in Vietnam, and higher than the Bank's 9% target set out earlier for the year. In particular, loans and advances to

customers reached VND 274,314 billion, up by 13.7% from the preceding year.

Credit structure experienced positive changes, suitable with the

targets and strategic development plans of the Bank: Compared with the previous year, loans to individuals increased strongly by 29.4%, resulting in an increase to 13.6% from 11.9% in the

proportion of loan to individuals; the proportion of loan in VND increased to 76.6% from 68.9%; and the proportion of short-term loan increased to 63.9% from 62.0% in 2013.

## STRENGTHENING CREDIT QUALITY CONTROL

Due to ongoing difficulties in production and business activities of the economy, problem loans in the country's banking system increased. Not entirely immune

from such an adverse effect, Vietcombank implemented several approaches and solutions to control and recover bad debt. At the end of 2013, the Bank's total impaired

loan was VND 7,475 billion, representing 2.73% of its total loan book, and below the threshold set out in the Shareholders' Annual General Meeting.

## POSITIVE CHANGE IN RECOVERING BAD DEBT ALREADY RESOLVED WITH PROVISIONS

In 2013, Vietcombank paid significant and serious attention to debt recovery efforts, focusing on managing customer by group and industry segments as well as improving credit rating, appraisal and disbursement processes to reduce potential bad debts. Analysis and evaluation of customers and collaterals were carried out to assess the probability of default,

through which debt recovery schedule is outlined suitably. Effective performance and responsibility of the Bank's Debt Handling Departments at both the Head Office and branch levels were enhanced. The handling instruction and procedure for impaired loans, collaterals were also timely updated to provide branches with sufficient tools and guidelines to perform

debt handling tasks.

Recovery of bad debt already resolved with provisions in 2013 reached VND 855 billion, a VND 490 billion or 134.0% increase from the previous year. Especially in the last 6 months, VND 732 billion was recovered, which comprised 86.0% of total debt recovery of the year.

## INVESTMENT ACTIVITY

With a clear-cut investment strategy, Vietcombank always strictly fulfilled and complied with investment regulations set out by the State Bank of Vietnam and Vietcombank,

simultaneously diversifying its investment portfolio and products, strengthening relations with large customers, and contributing to the Bank's total performance. By

the end of 2013, total investment, joint ventures and equity was VND 3,078 billion, accounting for 12.8% of the chartered capital and reserves for chartered capital.

## SERVICES IMPROVED AND TARGETS FULFILLED

### IMPORT-EXPORT PAYMENT AND FOREIGN EXCHANGE

Despite difficulties and challenges from adverse macro-economic conditions and the increasing fierce competition in the market, import-export payment and foreign exchange operation at Vietcombank in 2013 achieved positive results. Payment volume amounted to USD 41.6 billion, up by 7.2% compared

with the 2012, accounting for nearly 15.8% of the import-export market share in Vietnam, maintaining Vietcombank's position as having the largest market share and import-export payment volume in Vietnam.

Vietcombank always closely followed market fluctuations in key foreign exchange rates in the Bank's forex portfolio and continued to research the market to select highly potential

business partners and opportunities in order to improve efficiency of capital utilization. Enhanced coordination across its entire system was enhanced to promote cross-selling, narrow bid-ask spread to increase competitiveness, expand customer base and boost sales volume. At the end of 2013, foreign exchange turnover reached U.S. \$ 45.2 billion, up by 7.1% compared with 2012.

**278,357** BILLION VND  
TOTAL LOAN TO THE ECONOMY  
14.8% UP FROM THE PREVIOUS YEAR



# BUSINESS PERFORMANCE IN 2013 (Continued)

## SERVICES IMPROVED AND TARGETS FULFILLED (Continued)

### CARD BUSINESS

In 2013, Vietcombank's card business continued to maintain its leading position in the market. All targets were well fulfilled, with growth rates for the year ranging from 14% to 74%. During the year, Vietcombank issued 1,242,750 cards of all kinds. The

volume of card payment and card use experienced very strong growth. Sales of international card payment increased by 26.1% compared with the end of 2012, reaching 110% of the target, maintaining the bank's leading position with 44% of market share in cards. Sales of domestic card payments increased by 73.5%

over the same period, reaching 116% of the target. The number of units accepting card payments increased by 39.9% from last year, reaching 108% of the target. ATM and POS networks continued to expand, reaching 1,917 and 42,238 units respectively, and being present in all major cities nationwide.

### RETAIL SERVICES

At the end of 2013, the individual customer base of Vietcombank increased to more than 7.6 million. Total deposits from individuals reached VND 173,142 billion, up by 6.8% compared with 2012, accounting for 51.2% of total deposits from the economy. Loans to individuals reached VND 37,259 billion, up by 13.6% against 2012. Electronic banking services

also grew fast and fulfilled the year's growth target. Remittance services from overseas remained one of the bank's key strengths,

with the gross turnover amounting to nearly USD 1.3 billion, which is 4.6% up against 2012.

**173,142**  
BILLION VND  
TOTAL DEPOSITS FROM INDIVIDUALS UP BY 6.8% COMPARED WITH 2012.

## STABLE BUSINESS EFFICIENCY MAINTAINED

While actively taking lead in cutting interest rates to support local businesses through difficult economic conditions and focusing on making sufficient provisions for healthy operation, in 2013, Vietcombank still produced good business results. The

consolidated profit in 2013 reached VND 5,743 billion after deducting VND 3,520 billion for provisions, reaching 99.03% of the target, only marginally lower than 2012 primarily due to the 3.8% increase in operating expenses.

Return on average total assets (ROAA) and return on average equity (ROAE) in 2013 were 0.99% and 10.38% respectively. Capital adequacy ratio (CAR) reached 13.13%, higher than the minimum rate required by the State Bank of Vietnam.

# MANAGEMENT PERFORMANCE IN 2013

WITH THE GOAL OF BECOMING THE NO. 1 BANK IN VIETNAM, HAVING A SIGNIFICANT REGIONAL POSITION, AND AMONG THE TOP 300 WORLD'S LARGEST BANKING GROUPS BY 2020, VIETCOMBANK SET KEY TARGETS TO BUILD STRONG CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT FOLLOWING INTERNATIONAL STANDARDS, GRADUALLY PREPARING A SOLID FOUNDATION FOR BREAKTHROUGH IN THE NEAR FUTURE.

## PROMOTE RESTRUCTURING AND TRANSFORMING BUSINESS

Complete the restructuring scheme project of Vietcombank for the 2013-2015 period as directed in Decision No. 254/QĐ-TTg on 01 March 2012 by the Prime Minister and Decision No.734/QĐ-NHNN

on 18 April 2012 by the State Bank of Vietnam  
Perform evaluation, review and set up plan to restructure the investment portfolio effectively. Total divestment

in 2013 was VND 69.13 billion, in which divestment from cooperative (co-op) banks was VND 5 billion, from PVD was VND 50.45 billion, and from equity of CII was VND 13.68 billion.

## IMPROVE QUALITY IN RESOLVING ISSUES AT BRANCHES

In order to timely address and resolve problems at branches, as well as to strengthen the bank's overall business system, in 2013, the Management Board was more open for staff

comments and proposals at all levels to resolve difficulties at branches in a straightforward, constructive, and responsible manner, thereby affirming the effective direction from

the management board, increasing responsibility from the headquarters to the branches, and creating high consistency to maximize the overall strength of the Bank.

## LAUNCH PROJECTS TO ENHANCE OPERATION CAPABILITY

In 2013, Vietcombank focused on launching several projects for improving the governance capability of the Bank towards international standards, in particular: Basel II, establishment of management information system

(MIS), guidelines for remuneration policy and staff performance measurement, and the ALM and FTP systems for management capability improvement. At the same time, the Bank continued to push forward its on-going major IT

projects such as the Core Banking and TF... Upgrading, and building modeling and assessment tools for risk management including market risk, credit risk and operational risk towards Basel II standards on security of banking operation.

## ACCELERATE NETWORK EXPANSION AND REORGANIZATION

In 2013, the Bank applied for network expansion and was approved by the State Bank of Vietnam to establish 15 more branches and 26 transaction offices. Vietcombank was the Bank allowed largest network expansion before Circular 21/TT-NHNN of the State Bank of Vietnam took effect,

and this expansion was the Bank's largest one to date.

The Bank also carried out major review of functions and duties of all departments at the headquarters for making improvement where necessary and established a FDI

Customer Department. At the same time, the Bank also carried out performance review and evaluation of its overall organization structure and branch operation in its network, during which several branches were required to build schemes for operation overhaul.

# OPERATION PERFORMANCE RESULT IN 2013 (Continued)

## OPTIMIZE INTERNAL REGULATIONS, POLICIES AND PROCEDURES FOR BUSINESS PRACTICES

Reviewing, amending and supplementing internal regulations and procedures, more specifically those on: guarantee, organization and operation of the Bank's steering committee, management committee and implementation committee for the project to enhance the Bank's governance and management capability, bad debt trading, information disclosure, subsidiaries management, protection of clients' right, brokerage commissions, etc.

Amending and implementing important regulations such as: salary payment and distribution, staff management, financial management, and management of equity representatives in other business entities, etc. Reviewing, renovating, improving, and applying performance and customer care targets for branches and headquarters' units.

Amending and optimizing IT

management procedure in accordance with ISO270001 standards, issuance of the policy on title management and the access right to system applications.

Optimizing procedures for handling doubtful loans, processing loan collaterals, loan obligation exemption, brokerage and agency commissions, bad debt trading, etc.

## FOCUS MORE ON RISK MANAGEMENT, CONTROL AND SUPERVISION

Practicing automatic loan classification as defined in Circular No.02/2013/TT-NHNN and Decision No.493/2005/

QD-NHNN.

Increasing the monitoring and supervision of performance of

all branches and subsidiaries. Issues identified afterwards were corrected in a strict and regular manner.

## ACTIVE IMPROVEMENT IN CAPITAL CONSTRUCTION

In 2013, Vietcombank reviewed its entire premises, office buildings; coordinating with branches in examining proposals on new facilities, office purchase, improving the impression and image of Vietcombank's trademark. During the year, 10 new construction projects for branches and

transaction offices were completed and brought into operation; 23 repair projects were completed and reopened for business; 13 construction projects were approved for investment disbursement and 10 others were approved for investment calculation, etc.

Successfully carrying out auctions for office land of Lao Cai and Kon Tum branches and the transaction office of Da Lat branch; completing procedures to purchase office buildings for Ha Noi, the Operations Center, Thanh Cong, Ha Tay, Lang Son and Viet Tri branches, etc.

## IMPROVEMENT IN PUBLIC RELATION, TRADE MARK REPOSITIONING AND INVESTOR RELATIONS

In 2013, Vietcombank celebrated its 50<sup>th</sup> anniversary and at the same time launched a brand new trade mark. This launch was then

followed up with deployment of the new brand identity system throughout the Bank's network as well as trade mark advertisement

campaigns.

Actively taking part in foreign activities inside and outside the



country to consolidate Vietcombank's position and develop the business partnerships (with international organizations and institutions such as WB, IMF, ADB, ABA).

Regularly meeting and supplying quality information to foreign and domestic shareholders and investors, satisfying their information inquiry. Vietcombank

also participated in major national and international events such as international investors' conferences in Japan, Thailand and Singapore.

## PROMOTE STRATEGIC PARTNERSHIP WITH MIZUHO

In 2013, Vietcombank and Mizuho organized 70 sessions on technical assistance in some various areas, signing contracts/service agreements between two parties on currency trading and other business activities.

Mizuho introduced many Japanese corporate and individual clients to open accounts at Vietcombank, initially providing retail banking, trade finance, cash management services to Japanese FDI clients, enhancing Vietcombank's operational efficiency

as well as improving the bilateral relationship. The two parties also increasingly exchanged high-level visits and training delegations, etc

## PARTICIPATE IN SOCIAL WELFARE PROGRAMS TO SUPPORT THE COMMUNITY

Vietcombank is fully aware of its social responsibility and has therefore been an avid participant in social welfare programs and various other activities to support the community. In 2013, Vietcombank contributed over VND 231 billion to social welfare programs and

charities such as funding for the Northwestern, Western Highlands and Southwestern hardship areas; financing the electricity project for Co To island; funding a cancer hospital in Da Nang city; funding an education center for orphans and a nursing home for the elderly

in An Giang province; funding for primary schools and clinics in Ninh Binh province and 06 other schools in Hue city, etc. These contribution together reinforce a friendly, caring and responsible image of Vietcombank in the eyes of the public



# BUSINESS PLAN IN 2014

“ THE GLOBAL ECONOMIC RECOVERY IS FORECASTED TO CONTINUE IN 2014 BUT THE GROWTH RATE WILL REMAIN AT MODEST LEVEL. THE DOMESTIC ECONOMY HAS SHOWN SOME POSITIVE SIGNS BUT INTRINSIC DIFFICULTIES ARE STILL PRESENT. THE GOVERNMENT HAS SET THE KEY TARGETS OF 2014, INCLUDING KEEPING INFLATION AT 6.5-7%; STABILIZING THE EXCHANGE RATE, INCREASING FOREIGN-EXCHANGE RESERVES; SUPPORTING ENTERPRISES RESUME THEIR BUSINESS ACTIVITIES, WITH THE ULTIMATE TARGET OF PROMOTING GDP GROWTH TO APPROXIMATELY 5.8% IN 2014 AND 6% IN 2015. THE STATE BANK OF VIETNAM HAS ALSO SET OUT KEY TASKS FOR THE BANKING INDUSTRY IN 2014 ON THE BASIS OF FURTHERING THE SUCCESSES OF 2013 TO MAKE ADJUSTMENTS TO THE EXISTING REGULATORY AND MONETARY POLICY FRAMEWORK, TIGHTLY CONNECTING FISCAL POLICY WITH OTHER MACROECONOMIC POLICIES TO SUCCESSFULLY KEEP INFLATION AT 6.5% AS SET BY THE GOVERNMENT; INCREASING THE GROWTH OF TOTAL PAYMENT FACILITIES TO 16-18% AND CREDIT TO 12-14%.

## BUSINESS STRATEGY AND DIRECTION FOR THE PERIOD OF 2014 – 2015

With a view to become the leading bank in Vietnam before reaching out to international markets after 2015, Vietcombank has identified certain key tasks in its strategy, including access to a more modern administration system modeled by international standards. Therefore, for the period of 2014-2015, Vietcombank will focus on the following major directives:

- » Enhancing administrative capacity in accordance with international standards through completing the operation model, implementing the

risk management system step by step and applying Basel II standards on the Bank's activities from 2015.

- » Innovating and developing technological platform to support administrative and operational needs of the Bank.
- » Improving the quality of human resources through performance evaluation and training promotion.
- » Enhancing the operational efficiency and competitive capacity.

## BUSINESS DETERMINATION AND MAIN CONCENTRATIONS OF VIETCOMBANK IN 2014

In 2014, based on analysis of the business environment as well as the directions of the Government and the State Bank of Vietnam, Vietcombank will operate under the motto **'Innovation – Growth**

**– Quality'** and the management view of **'Quick – Drastic – Connective'**. Therefore, the main objective of Vietcombank in 2014 is sticking to the strategy for the 2011 – 2020 period and the 2013

– 2015 restructuring project; utilizing all of the Bank's advantages for in-depth growth, focusing on efficiency and quality; heading to a sustainable development while strictly following international standards.

### SOME PRIMARY BUSINESS TARGETS OF 2014



Items	Target of 2014
Total assets	Increase by 11%
Credit	Increase by 13%
Customer deposits	Increase by 13%
Non-performing ratio	Max 3%
Profit before tax	5,500 billion VND

## KEY TASKS IN 2014

### 1. Target higher credit growth while maintaining consistent credit quality and strict lending requirements

Promoting credit growth in line with business targets of the year on the basis of setting competitive interest rates (depending on flexibility and efficiency) without lowering lending requirements; proactively promote cross-sales of services and products.

Increasing lending to good-quality customers with healthy financial

records, sectors/industries with high growth potential; focus on supplying preferential loan packages to priority sectors such as agriculture, rural development, export, support industries, SMEs, hi-tech companies according to the Government's Decree No. 01/NQ-CP and the SBV's guidelines.

Performing analysis of industries to which the Bank increases lending, develop a warning system to measure risks for each industry as well as policy risks to help Vietcombank lend safely and effectively.

### 2. Strengthen customer relationship activities as one of the most important tasks in 2014

Increasing the Bank's customer base. The Head Office will support, coordinate with branches to promote customer relationship. Focusing on customers with strong financials and low risk. Implementing the customer-based profit accounting system.

# BUSINESS PLAN IN 2014 (Continued)

## KEY TASKS IN 2014 (Continued)

### 3. Actively implement every solution to collect written-off non-performing loans

Concentrating resources on collecting doubtful loans. Implementing solutions to handle and prevent non-performing loans in accordance with Vietcombank's non-performing loans handling project, including: classifying assets and setting provisions according to Circular No. 02/2013/TT-NHNN dated 21 January 2013; monitoring and evaluating recovery opportunity of group-two loans, non-performing loans and written-off loans; setting up plans to handle non-performing loans; reviewing and revaluing non-performing loans to sell to VAMC and other asset management vehicles, etc.

### 4. Implement capital mobilization solutions synchronously and effectively, actively balance the mobilization and use of capital on the principle of ensuring liquidity

Focusing on changing the structure of capital mobilization and increasing stable and cheap funding to meet capital needs and

create competitive advantage.

Developing a network of individual customers to increase the stability of capital sources. Actively promoting cross-selling to maximize of capital efficiency

### 5. Improve service quality and maintain market share

Developing a flexible pricing policy, diversifying products and services, improving the quality of customer services in order to increase fee and commission income.

Actively implementing business solutions to maintain and increase market share in trade finance, foreign currency trading and card businesses.

### 6. Review and consolidate the performance of the Bank and its subsidiaries to enhance the investment efficiency

Restructuring investment portfolio. Investing in stable or rapid growth industries. Enhancing management through standardized regulations.

Preparing for privatization of some

subsidiaries in compliance with regulations on cross-ownership and joint stock investment.

### 7. Complete the organizational model and develop the branch network

Optimizing the organization of Vietcombank towards a customer-centered model. Standardizing the Bank's organization to improve the functioning of branches. Launching 15 new branches which the SBV has approved.

Planning for establishment of a consumer credit company and launching a domestic remittance company. Preparing for the possible presence in Myanmar and Laos.

Staying ready to discuss M&A options with other commercial banks in accordance with the Government and the SBV's guidelines.

### 8. Continue to innovate and develop human resources in order to have high quality staffs through staff turn-over, staff resourcing, higher quality training and recruitment associated with proper motivation policy to ensure



competitiveness within the Bank.

### 9. Promote projects to strengthen the Bank's business capability

Proceeding with existing projects to build a Management Information System (MIS), implement Basel II compliance, upgrading the Core-banking system and developing a KPI project for accurate performance assessment and remuneration, etc

### 10. Enhance the inspection, supervision and improve the risk warning system

Enhancing the inspection and supervision within the Bank, its branches and subsidiaries; clearly describing the functions and obligations of the compliance and supervisory departments.

Increasing supervision to prevent ethical and operational risks among the Bank's staff.

### 11. Continue partnership with Mizuho

Strengthening the cooperation with Mizuho in 3 areas: technical assistance, business cooperation and customer reference.

### 12. Actively participate in social welfare and community support

Realizing social welfare commitments.

Researching and exploring new, diverse ways to support the community, focusing on long-term effectiveness of such activities



## REVIEW BY THE BOARD OF DIRECTORS ON BUSINESS ACTIVITIES

“ IN 2013, IN THE CONTEXT OF UNFAVORABLE MACRO-ECONOMIC AND BANKING ENVIRONMENT, VIETCOMBANK STILL PRESENTED ITSELF AS ONE OF THE LEADING COMMERCIAL BANKS IN VIETNAM, CONTRIBUTING TO THE IMPLEMENTATION OF THE STATE BANK OF VIETNAM’S POLICIES AND TO MACRO-ECONOMIC STABILIZATION. WITH MANAGEMENT ADVOCACY OF BEING “ACUTE – FLEXIBLE – DRASTIC”, THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT CLOSELY MONITORED CHANGES IN THE BUSINESS ENVIRONMENT AND APPROPRIATELY GUIDED VIETCOMBANK’S OPERATIONS IN ORDER TO MEET THE BUSINESS TARGETS FOR THE YEAR.

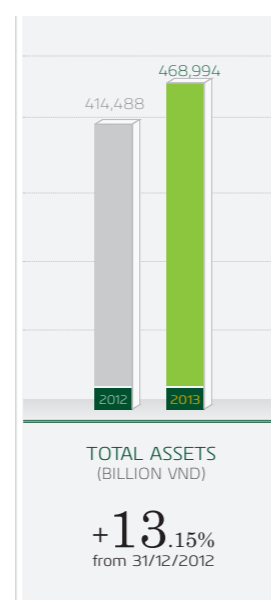
During the year, Vietcombank continued improving its business operation and corporate governance. In line with boosting credit growth, Vietcombank focused on monitoring credit

quality, resolving and recovering bad debts. Other services and FX trading activities also experience remarkable growth. By the year-end, most of business targets were either met or outdone.

### QUICK REMARKS ON REALIZATION OF 2013 TARGETS UNDER THE SHAREHOLDERS’ ANNUAL GENERAL MEETING (AGM)

#### 1. Business targets

Total assets as at December 31, 2013 was VND 469 trillion, up by 13.15% from the same time of 2012, exceeding the targeted 9% growth rate. Deposits from the public reached VND 340.3 trillion (including loans from Vietnam Social Insurance), up by 11.63% against the preceding year and accounting for 99.95% of the target. Deposit growth was monitored and regulated against credit growth, aiming at maximizing the efficiency of capital use.



Loan outstanding to the customers reached VND 274.3 trillion, growing by 13.74% compared with the end - 2012, which was significantly higher than the whole banking sector’s average credit growth and exceeded the Bank’s target. If investment in corporate bonds was included, total loans outstanding increased by 14.82% in comparison to 2012. Lending structure positively changed in line with the Bank’s direction: the proportion of loans to individuals increased from 11.94% in 2012 to 13.58% in 2013; lending in VND grew from 68.85% in 2012 to 76.59% in 2013 (8.91%).

The NPL ratio was kept at 2.73%,

lower than the AGM target of under 3% and much better than that of the industry.

Export-import turnover reached USD 41.6 billion, accounting for 15.80% of the market size. Other businesses of the Bank also grew relatively well.

The consolidated profit for 2013 was VND 5,743 billion, approximately 99.02% of the target and only marginally lower than that of 2012. The income structure still shows the diversity of our activities, where non-interest income accounted for 30.47% of total income.

ROAA and ROAE in 2013 were 0.99% and 10.38% respectively. The CAR ratio was 13.37%, meeting the minimum requirement of 9% by the State Bank of Vietnam

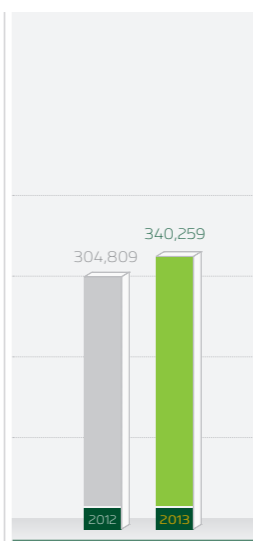
#### 2. Network expansion and organization management

Vietcombank submitted for the SBV’s approval the restructuring plan for 2013 - 2015 following the Government’s and the SBV’s guidelines under the Decision No. 254/QĐ-TTg dated 01/03/2012 of the Government and the Decision No. 734/QĐ-NHNN dated 18/04/2012 of the SBV.

The Bank opened one new branch and 21 transaction offices. In 2013, Vietcombank was allowed by the SBV to set up 10 more branches and 26 transaction offices in Hanoi and some other provinces, and 5 more branches in HCMC upon fulfillment of certain requirements.

The Bank made the adjustment and improvement to the functions of departments at H.O.; continuing to review and standardize the organization of the internal audit and compliance. The comprehensive review of the organization and function of the department at HO and at the branches has been in progress. The FDI department was established in January 2014; the ALM department at HO was about to be set up.

The Bank reorganized the structure of



a number of branches, and established the Individual Banking, SME and Debt Management departments while split some other departments at the branch level.

The Bank adopted the plan to implement its Basel II compliance project while rolled out other projects on MIS and KPI, reviewed, adjusted and commenced the business targets, customer relations assignment to the departments at HO and the branches. The Bank continued to implement the large-scale IT projects: Core banking, TF,-

The Bank issued a number of new regulations and policies on guarantee, organizations and operations of the taskforces for the management capability building projects, debt trading, information disclosure, customer right protection, commissions for brokerage and agency. In addition, the Bank also revised its regulations on salary and performance bonus payment, personnel management, financial management, and management of the equity representatives at other business entities, etc.

#### 3. Risk management

Vietcombank always fully complied with all of the SBV’s regulations on prudential ratios.

Projects on evaluation and development of credit, market and operational risk measurement models were in progress, aiming towards the adoption of Basel II standards on banking safety.

The Bank reviewed, adjusted or amended the internal policies, procedures, credit rating and credit information systems in accordance with the SBV’s regulations on asset classification, risk provisioning and utilization of provisioning by the credit institutions and foreign bank branches.

The Bank increased inspection, internal control and audit to fulfill its compliance responsibility and control risks.

REVIEW BY  
THE BOARD OF DIRECTORS  
ON BUSINESS ACTIVITIES (Continued)

**4. Public relation, marketing and brand repositioning**

Vietcombank successfully held the anniversary of 50 years of establishment and related events.

The Bank launched and implemented the new brand name identification system in the whole network and organized campaigns to introduce new brand name to the public as planned.

In order to promote its image and reputation, apart from public relation activities, the Bank also took part in many activities for social welfare, fulfilling its social responsibility to the community

The Bank also actively participated in the external relations activities, both domestically and international, strengthening cooperation with international organizations (WB, IMF, ADB, ABA, etc).

**5. Information disclosure and investor relations**

In 2013, Vietcombank selected Ernst & Young as the auditor of its interim financial statements and annual financial statements. The Bank complied with all regulations on information disclosure to ensure the release timing and transparency of its information. Some disclosed important information included the high level management change, the disclosure of interim and annual financial statements.

Vietcombank maintained the

regular contacts and exchanged information updates to its domestic and foreign shareholders through various channels. The timing and quality of this information are highly valued by all VCB's shareholders. In 2013, Vietcombank organized more than 60 meetings with more than 100 visits from shareholders and institutional investors. Vietcombank also participated in important investor relation events



in Japan, Thailand and Singapore.

At the closing trading session of the year 2013, Vietcombank's share price was VND 26,800/share. Totally, over 104 million shares were traded during the year, in which foreign investors' net buying approximated 6.58 million shares.

**6. Cooperation with the strategic shareholder**

In 2013, VCB and Mizuho held 70 working sessions on technical assistance in some various areas; signing contracts on the FX trading and other business alliances.

Mizuho introduced many Japanese corporate and individual customers to open the accounts at VCB, initially providing the retail banking, trade

finance and cash management services to Japanese FDI customers, facilitating business activities of Vietcombank and enhancing the cooperation between the two Banks.

Vietcombank and Mizuho actively exchanged high-level management visits and training delegations, etc.

REVIEW OF  
**THE BOARD OF DIRECTORS AND  
THE BOARD OF MANAGEMENT'S ACTIVITIES**

THE YEAR 2013 CONTINUES TO BE A DIFFICULT YEAR FOR BOTH GLOBAL AND DOMESTIC ECONOMIES. IN THIS CONTEXT, THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT COOPERATED CLOSELY; FOLLOWED PRACTICAL SITUATIONS; DRASTICALLY AND FLEXIBLY REGULATED THE BANK'S OPERATION; TRIED ITS BEST TO FULFILL TARGETS SET IN THE SHAREHOLDERS' ANNUAL GENERAL MEETING.



After being selected by the AGM, the new Board of Directors (for the 2013-2018 term) assigned specific tasks to each member; strengthened advisory role of various committees; and maintained regular meetings, standing committee, and voting mechanism to promptly handle issues arising under the Board's authority.

In addition to taking tasks in the authority of the Board of Directors, the Board of Directors and Board

of Management also conducted many discussions and seminars to shape not only the bank's general development but also its segment activities.

In general, in 2013, Board of Directors and Board of Management made great efforts in managing the Bank, strictly following directions and targets set by the AGM; fulfilling their responsibilities and duties, and always acting in the interests of shareholders, the State and the Bank itself.



# OPERATION GUIDELINE FOR 2014

“THE WORLD ECONOMIC CONDITIONS IN 2014 ARE FORECASTED TO IMPROVE, BUT CLEAR SIGNS SHOULD NOT BE EXPECTED SOON. MEANWHILE, THE DOMESTIC ECONOMY IS SHOWING POSITIVE DEVELOPMENT. GDP GROWTH RATE AND CPI ARE EXPECTED AT ABOUT 5.8%, AND 7% RESPECTIVELY. INFLATION UNDER CONTROL AND FLEXIBLE EXCHANGE RATES ARE MOTIVATING THE MACRO ECONOMY.

Banking operations continue to be steered towards creating a favorable environment for local businesses. The anti-dollarization policy and banking system restructuring continue to be promoted. Bad debt remains one of the biggest challenges for the banking system in 2014. The whole sector's credit growth rate is targeted at 12-14%. Bad debts handling under the SBV's "bad debts handling project" is expected to be implemented synchronously and drastically.

In this context, VCB's operation guideline is "Innovation – Growth – Quality" and steering viewpoint is "Quick – Drastic – Connective". The Bank's main direction in 2014 is to stick to its preset 2011-2020 strategy and 2013-2015 restructuring project, i.e. making full use of all advantages, continuing in-depth development; focusing on quality and efficiency; aiming for sustainable development following international standards. Vietcombank's key guidelines for major areas are as follows:

## 1. Business model, organizational structure and network

Continuing to optimize business strategy and operating model.

Preparing for the opening of the branches whose establishment

were already allowed by the SBV and continuing the preparation for the branches and transaction offices whose establishment application were already been approved by the SBV.

Controlling employee growth rate at maximum 7%, focusing on quality recruitment with appropriately labor allocation to branches.

Continuing to standardize organizational structures from Head Office to branches; and optimizing the departmental functioning at the Head Office.

Continuing to review performance of domestic and foreign subsidiaries and representative offices in order to build an appropriate restructuring roadmap to enhance overall operational efficiency.

Continuing to review and evaluate branches to give appropriate incentive and management measures.

Actively implementing management capacity building projects.

## 2. Capital, credit and investment

Boosting credit growth following soft loan policies of the SBV and with flexible management of interest rates. Restructuring client

portfolio by concentrating on qualified customers and increasing loans to retail customers and small and medium-sized enterprises. Aiming for credit growth rate at about 13% in 2014.

Exercising good control on credit quality towards NPL ratio of less than 3%.

Flexibly mobilizing capital in line with markets and the Bank's capital needs to guarantee liquidity and capital efficiency. The growth rate of capital mobilization from the economy is at about 13%.

Improving the efficiency of bad debt handling and recovery with a view to increasing the recovery rate.

Efficiently managing all targeted ratios, especially the NIM ratio.

Reviewing and restructuring the investment portfolio, looking for new opportunities that can guarantee efficiency and good marked-to-market performance.

Considering charter capital increase via the use of capital surplus (IPO and share sales to the strategic partner) and retained profits, and M&A (if possible).

## 3. Other business sectors and financial results

Developing a flexible pricing policy and diversifying products and services; enhancing quality of customer care in order to increase service-based revenue.

Actively seeking measures to strengthen and regain market shares on payment and card services; maintaining market share in foreign exchange to ensure that income from trading activities reaches ~ 10% of total income.

Strive to achieve profit before tax of ~ VND 5,500 billion after provisions of ~ VND 5,000 billion.

## 4. Risk Management

Identifying a roadmap for compliance with Basel II requirements in the 2015-2018 period.

Managing prudential ratios in accordance with the SBV's regulations; accelerating the implementation of risk quantification projects in banking operation.

Researching and implementing centralized credit management and centralized compliance models.

Continuing to improve and enhance the role of inspection, supervision, and internal audit by increasing post-check activities in risky businesses.

## 5. Investor relations

Continuing good information disclosure; maintaining regular meetings with shareholders and investors.

Improving information quality and diversifying investor relation channels.

Paying dividends in shares and issuing bonus shares to shareholders.

## 6. Human resource management

Developing and practicing strategic human resource management, focusing on building capacity framework and talent development programs.

Continuing to implement the Core-banking system and other important modules such as TF, LOS, etc.

Developing accounting management system; implement assets & liabilities Management (ALM), funds transfer pricing (FTP) and multi-directional profit assessment (MPA) projects.



Continuing to renew education and training programs to improve the quality of human resources.

Completing job description system; building and reviewing key performance indicators (KPIs) system to lay the foundation for optimization of remuneration policy and human resources management towards fairness and efficiency improvement.

Increasing staff rotation; standardizing processes and procedures; improving the quality of staff recruitment, resourcing and appointment.

## 7. Conversion and management capacity building projects

Deploying the management information system (MIS) for administration and management support.

Implementing the KPIs project in due course.

Creating good consistency and connectivity between projects.

## 8. Brand administration, regulation and strategic cooperation

Continuing to deploy new branding identity system through out the network. Approving and implementing regulations for brand administration and use.

Reviewing and optimizing existing regulations, and issuing new ones to create sufficient regulatory framework for all banking operations.

Strengthening the partnership with Mizuho in terms of technical assistance and business cooperation.

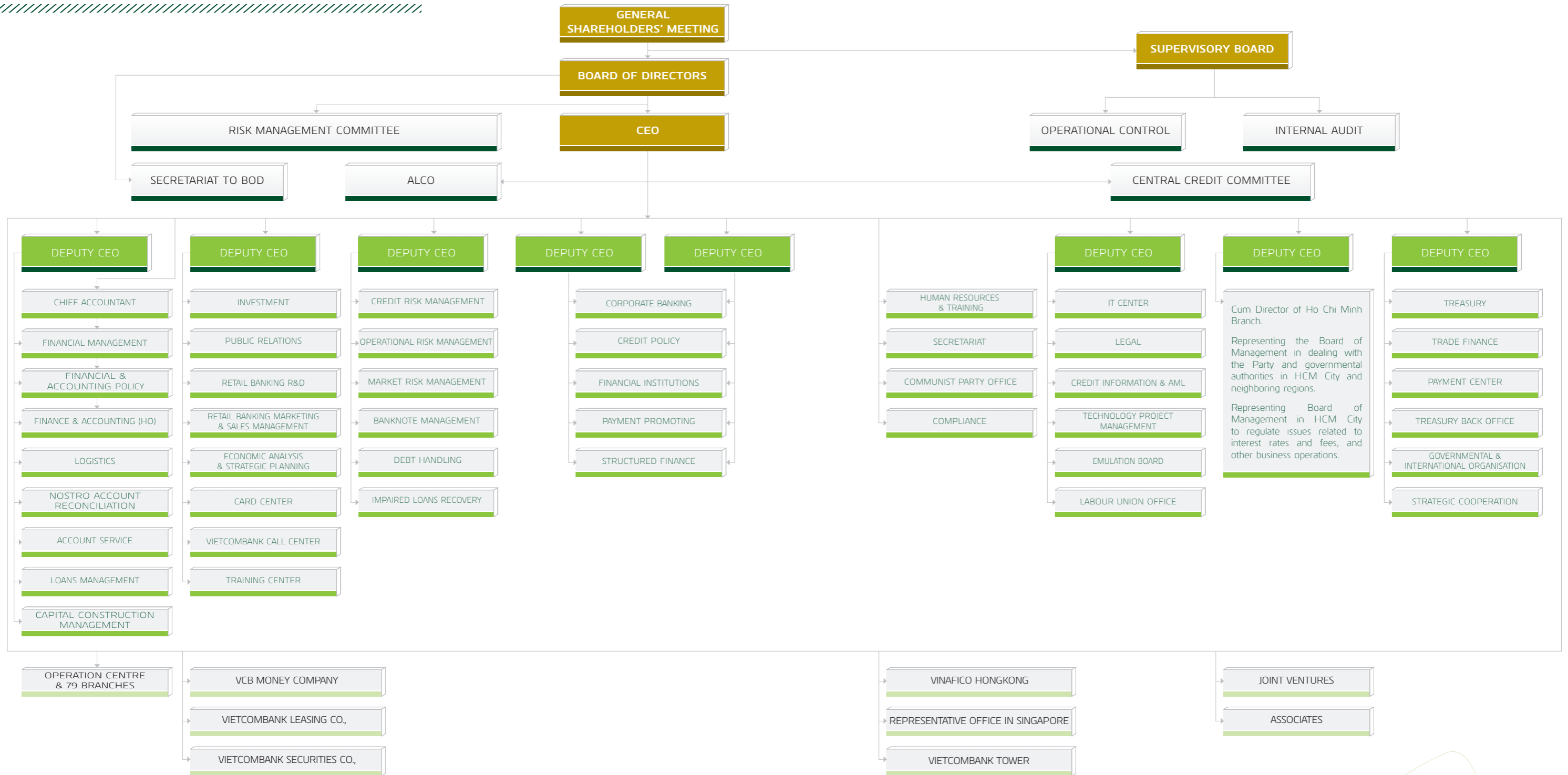
*Green* of AWARENESS  
FOR UNITY AND STRENGTH

## Organization and Personnel

- Organizational structure of Vietcombank • Organizational model and human resource • Board of Directors • Supervisory Board • Board of Management



# ORGANIZATIONAL STRUCTURE OF VIETCOMBANK



## BOARD OF DIRECTORS STRUCTURE:

- Mr. NGUYEN HOA BINH : Chairman of the BOD
- Mr. NGHIEM XUAN THANH : Member of the BOD, CEO
- Mr. NGUYEN DANG HONG : Member of the BOD
- Mr. NGUYEN DANH LUONG : Member of the BOD, Deputy CEO
- Mr. PHAM QUANG DUNG : Member of the BOD, Deputy CEO
- Mr. YUTAKA ABE : Member of the BOD, Deputy CEO
- Ms. LE THI HOA : Member of the BOD
- Ms. NGUYEN THI DUNG : Member of the BOD
- Ms. NGUYEN THI KIM OANH : Member of the BOD

## SUPERVISORY BOARD STRUCTURE:

- Ms. TRUONG LE HIEN : Head of Supervisory Board
- Ms. LA THI HONG MINH : Member of Supervisory Board
- Ms. VU THI BICH VAN : Member of Supervisory Board
- Ms. DO THI MAI HUONG : Member of Supervisory Board
- Mr. LAI HUU PHUOC : Member of Supervisory Board

## BOARD OF MANAGEMENT STRUCTURE:

- Mr. NGHIEM XUAN THANH : Chief Executive Officer
- Mr. NGUYEN DANH LUONG : Deputy CEO
- Mr. PHAM QUANG DUNG : Deputy CEO
- Mr. YUTAKA ABE : Deputy CEO
- Mr. NGUYEN VAN TUAN : Deputy CEO

- Mr. DAO MINH TUAN : Deputy CEO
- Mr. DAO HAO : Deputy CEO
- Mr. PHAM THANH HA : Deputy CEO
- Ms. TRUONG THI THUY NGA : Deputy CEO
- Ms. PHUNG NGUYEN HAI YEN : Chief Accountant

## ORGANIZATIONAL MODEL AND HUMAN RESOURCE



AS AT 31 DECEMBER 2013, VIETCOMBANK'S TOTAL NUMBER OF EMPLOYEES REACHED 13,864. VIETCOMBANK'S BOARD OF MANAGEMENT ALWAYS PLACES EMPHASIS ON DEVELOPING AND TRAINING HUMAN RESOURCE AND REGARDS IT AS THE KEY FOR THE BANK'S SUCCESS AND EFFICIENCY.

### HUMAN RESOURCE

The staff quality is controlled from the start with a serious recruitment policy, thus officers are employed for suitable positions.

» Domestic and overseas training programs are organized frequently to improve the quality of human resources. In 2013, thousands of employees were trained on areas such as risk management, debt handling, international payment,

accounting, audit, etc. Salary and bonus payment policies are designed performance-wise, which create incentives to employees, and results in higher efficiency.

» Personnel preparation for management positions are made regularly and seriously with the aim of building a team of leaders who have

the modern knowledge and experience in executive management.

Vietcombank will continue to boost the human resources development, improve policies on recruitment, training, compensation and personnel preparation which are closely linked with employees' rights and obligations to get the best working efficiency.

## CHANGES IN THE BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

In the year 2013, member of the Board of Directors changed as follows:

- » Mr. **NGUYEN PHUOC THANH**, member of the Board of Directors cum Chief Executive Officer resigned on 19/07/2013;
- » Mr. **LE DAC CU**, member of

the Board of Directors resigned on 25/04/2013;

- » Ms. **LE THI KIM NGA**, resigned on 25/04/2013; and retired on 01/06/2013;
- » Mr. **NGHIEM XUAN THANH**, Ms. **NGUYEN THI KIM OANH**, Ms. **NGUYEN THI DUNG** appointed to be members

of the Board of Directors on 25/04/2013.

Member of the Board of Management changed as follows:

- » Mr. **NGHIEM XUAN THANH**, member of the Board of Directors cum Chief Executive Officer from 26/07/2013.



#### Notes:

- (1): Press Conference announcing the Decision to appoint Mr. Nguyen Phuoc Thanh as the Deputy Governor of the State Bank of Vietnam;  
 (2) - (4): Press Conference announcing the Decision to appoint Mr. Nghiem Xuan Thanh as the CEO of Vietcombank;  
 (3): Mr. Nguyen Phuoc Thanh, Deputy Governor of the State Bank of Vietnam (left) with Mr. Nghiem Xuan Thanh, CEO of Vietcombank;  
 (5): The Board of Directors of Vietcombank at the 6<sup>th</sup> Annual General Shareholders Meeting in 2013.

## VIETCOMBANK'S NETWORK AND ORGANIZATION STRUCTURE

In 2013, Vietcombank established one new branch in Thai Nguyen and brought into operation 30 transaction offices, raising the total number of transaction offices to 333 (by the end of 2013).

As at December 31, 2013, Vietcombank's network includes:

- » Head Office.
- » Operation center.
- » 79 branches
- » 333 transaction offices.
- » 2 subsidiaries (Vietcombank

Leasing Co., Ltd; Vietcombank Securities Co., Ltd).

» 1 representative office in Singapore and 2 subsidiaries in foreign countries (Vinafico HongKong and VCB Money Co.,).

» 6 other associates.



# BOARD OF DIRECTORS



**Mr. NGUYEN HOA BINH**  
Chairman of the Board of Directors

**Education**  
University of Foreign Studies;  
Master of Business Administration (Vietnam  
– Belgium Program) – National Economic  
University.



**Mr. NGHIEM XUAN THANH**  
Member of the Board of Directors  
and Chief Executive Officer

**Education**  
Master of Economics – Banking Academy.



**Mr. NGUYEN DANG HONG**  
Member of the Board of Directors

**Education**  
Banking Academy;  
People's Security Academy;  
University of Law;  
Master of Laws, specializing in Economic  
Law – The Institute of State and Law.



**Mr. NGUYEN DANH LUONG**  
Member of the Board of Directors  
and Deputy CEO

**Education**  
Banking Academy;  
PhD in Economics,  
Banking Academy.



**Mr. PHAM QUANG DUNG**  
Member of the Board of Directors  
and Deputy CEO

**Education**  
National Economic University;  
Master of Banking and Finance,  
Birmingham University, UK.



**Mr. YUTAKA ABE**  
Member of the Board of Directors  
and Deputy CEO

**Education**  
Hitotsubashi University  
(Tokyo, Japan);  
Master of Administrative Science  
– Stanford University  
(California, US).



**Ms. LE THI HOA**  
Member of the Board of Directors

**Education**  
Master of Economics (CFVG)  
– National Economic University.



**Ms. NGUYEN THI DUNG**  
Member of the Board of Directors

**Education**  
Matxcova – Soviet Finance University;  
PhD in Economics – National  
Economics University.



**Ms. NGUYEN THI KIM OANH**  
Member of the Board of Directors

**Education**  
National Economic University;  
Master of Banking and Finance –  
New South Wales University.

## SUPERVISORY BOARD



Ms. **VU THI BICH VAN**  
Member of Supervisory Board

Education  
Banking Academy;  
Master of Economics  
- National Economics University.

Ms. **LA THI HONG MINH**  
Member of Supervisory Board

Education  
Banking Academy;  
Master of Economics  
- National Economics University.

Ms. **TRUONG LE HIEN**  
Head of Supervisory Board

Education  
Banking Academy;  
Master of Development Economics  
- Vietnam Netherland Program.

Ms. **DO THI MAI HUONG**  
Member of Supervisory Board

Education  
Foreign Trade University;  
Master of Economics  
- Foreign Trade University.

Mr. **LAI HUU PHUOC**  
Member of Supervisory Board

Education  
Academy of Finance;  
Master of Economics  
- Vietnam National University  
connected to Griggs University, US.



# BOARD OF MANAGEMENT



**Mr. NGHIEM XUAN THANH**  
Chief Executive Officer

**Education**  
Master of Economics  
– Academy of Finance.



**Mr. NGUYEN VAN TUAN**  
Deputy CEO

**Education**  
Hanoi University;  
Master of Business Administration,  
linked program between National  
Economics University and Solvay  
Brussels School of Economics and  
Management, Belgium.



**Mr. DAO MINH TUAN**  
Deputy CEO

**Education**  
Hanoi University of  
Science and Technology  
National Economics University;  
Master of Economics  
– Banking Academy.



**Mr. PHAM QUANG DUNG**  
Deputy CEO

**Education**  
National Economics University;  
Master of Banking and Finance,  
Birmingham University, UK.



**Mr. NGUYEN DANH LUONG**  
Deputy CEO

**Education**  
Banking Academy;  
PhD in Economics,  
Banking Academy.



**Mr. PHAM THANH HA**  
Deputy CEO

**Education**  
National Economics University;  
Master of Business Administration  
– George Washington University, US.



**Mr. DAO HAO**  
Deputy CEO

**Education**  
Ho Chi Minh Economics  
University;  
Hanoi Law University.



**Mr. YUTAKA ABE**  
Deputy CEO

**Education**  
Hitotsubashi University (Tokyo, Japan);  
Master of Administrative Science –  
Stanford University (California, US).



**Ms. TRUONG THI THUY NGA**  
Deputy CEO

**Education**  
Da Nang University of Science  
and Technology;  
Law University;  
Master of Business Administration  
– Impac University.



**Ms. PHUNG NGUYEN HAI YEN**  
Chief Accountant

**Education**  
Banking Academy;  
Master of Economics  
– Banking Academy CPA Australia.

*Green* of CAPACITY  
TO REACH NEW HEIGHTS



## Corporate Governance

- Corporate governance
- Risk management • Operating network



## BOARD OF DIRECTORS

### BOARD OF DIRECTORS STRUCTURE

No.	Full name	Position	Ownership in Vietcombank (31/12/2013)		Note
			No. of shares	Shareholdings	
1	NGUYEN HOA BINH	Chairman	5,694	0.00025%	<i>Elected as a Board member since 25<sup>th</sup> April 2013 in the General shareholders' meeting. A non-executive member.</i>
2	NGHIEM XUAN THANH	Board member, General Director	0	0.00000%	<i>Elected as a Board member since 25<sup>th</sup> April 2013 in the General shareholders' meeting. Appointed as General Director since 26<sup>th</sup> July 2013 by Vietcombank's Board of Directors.</i>
3	NGUYEN DANG HONG	Board member	0	0.00000%	<i>Elected as a Board member since 25<sup>th</sup> April 2013 in the General shareholders' meeting. A non-executive member.</i>
4	NGUYEN DANH LUONG	Board member, Deputy General Director	13,921	0.00060%	<i>Elected as a Board member since 25<sup>th</sup> April 2013 in the General shareholders' meeting.</i>
5	YUTAKA ABE	Board member, Deputy General Director	0	0.00000%	<i>Elected as a Board member since 25<sup>th</sup> April 2013 in the General shareholders' meeting.</i>
6	NGUYEN THI DUNG	Board member	2,000	0.00009%	<i>Elected as a Board member since 25<sup>th</sup> April 2013 in the General shareholders' meeting. An independent member</i>
7	LE THI HOA	Board member	4,067	0.00018%	<i>Elected as a Board member since 25<sup>th</sup> April 2013 in the General shareholders' meeting. A non-executive member.</i>
8	PHAM QUANG DUNG	Board member, Deputy General Director	2,114	0.00009%	<i>Elected as a Board member since 25<sup>th</sup> April 2013 in the General shareholders' meeting.</i>
9	NGUYEN THI KIM OANH	Board member	5,301	0.00023%	<i>Elected as a Board member since 25<sup>th</sup> April 2013 in the General shareholders' meeting. A non-executive member.</i>

### BOARD OF DIRECTORS' ACTIVITIES

IN 2013, THE BOARD OF DIRECTORS (BOD) ORGANIZED 64 MEETING SESSIONS (13 PLENARY SESSIONS AND 51 STANDING SESSIONS), IN ORDER TO DIRECT VIETCOMBANK'S OPERATION IN EACH PERIOD, MAKE DECISIONS ON MATTERS WITHIN THE AUTHORITY OF THE BOD, AND DISCUSS ON SOME CERTAIN OTHER TOPICS. IN ADDITION, THE BOD AND THE PERMANENT BOD HANDLED SEVERAL ISSUES VIA THE VOTING METHOD (7 TIMES). DETAILS OF THE BOD'S MEETING SESSIONS ARE AS FOLLOWS:

For the period before the 2013 General shareholders' Meeting (from 1<sup>st</sup> January to 25<sup>th</sup> April 2013):

TT	Board member	Position	No. of attended sessions	Percentage	Reason for absence
1	NGUYEN HOA BINH	Chairman	19/19	100%	
2	NGUYEN PHUOC THANH	Board member, General Director	19/19	100%	
3	NGUYEN DANG HONG	Deputy Chief Banking Inspector Board member <sup>(1)</sup>	6/6	100%	
4	NGUYEN DANH LUONG	Board member <sup>(1)</sup> , Deputy General Director	6/6	100%	
5	YUTAKA ABE	Board member <sup>(1)</sup> , Deputy General Director	6/6	100%	
6	LE THI HOA	Board member	19/19	100%	
7	LE THI KIM NGA	Board member	19/19	100%	
8	LE DAC CU	Independent Board member <sup>(2)</sup>	5/6	83%	<i>On business trip</i>

**Note:**

(1): Mr. Nguyen Dang Hong, Mr. Nguyen Danh Luong and Mr. Yutaka Abe are concurrent Board members, thus, the participating percentage was calculated for plenary sessions;

(2): Mr. Le Dac Cu is an independent Board member and only participates in plenary sessions;

## BOARD OF DIRECTORS (Continued)

### BOARD OF DIRECTORS' ACTIVITIES (Continued)

FOR THE PERIOD AFTER THE 2013 GENERAL SHAREHOLDERS' MEETING (FROM 25<sup>TH</sup> APRIL TO 31<sup>ST</sup> DECEMBER 2013):

No.	Board member	Position	No. of attended sessions	Percentage	Reason for absence
1	NGUYEN HOA BINH	Chairman	45/45	100%	
2	NGUYEN PHUOC THANH	Board member, General Director <sup>(4)</sup>	15/15	100%	
3	NGUYEN DANG HONG	Deputy Chief Banking Inspector Board member <sup>(2)</sup>	7/7	100%	
4	NGHIEM XUAN THANH	Board member <sup>(1)</sup> , General Director	34/34	100%	
5	NGUYEN DANH LUONG	Board member <sup>(2)</sup> , Deputy General Director	7/7	100%	
6	YUTAKA ABE	Board member <sup>(2)</sup> , Deputy General Director	7/7	100%	
7	NGUYEN THI DUNG	Independent Board member <sup>(3)</sup>	7/7	100%	
8	LE THI HOA	Board member	43/45	96%	On vacation
9	PHAM QUANG DUNG	Board member <sup>(2)</sup> , Deputy General Director	7/7	100%	
10	NGUYEN THI KIM OANH	Board member	45/45	100%	

#### Notes:

(1): Before being appointed as the Chief Executive Officer of Vietcombank (on 26<sup>th</sup> July 2013), Mr. Nghiem Xuan Thanh participated in plenary sessions as a concurrent Board member;

(2): Mr. Nguyen Dang Hong, Mr. Nguyen Danh Luong, Mr. Yutaka Abe and Mr. Pham Quang Dung are concurrent Board members, thus, the participating percentage was calculated for plenary sessions;

(3): Ms. Nguyen Thi Dung is an independent Board member and only participates in plenary sessions;

(4): Mr. Nguyen Phuoc Thanh resigned as a Board member and the CEO since 26<sup>th</sup> July, 2013;

The BOD successfully organized the 6<sup>th</sup> General shareholders' Meeting in which shareholders voted for the Board of Directors and the Board of Supervisors for the period of 2013 - 2018 in accordance with current

regulations, provided information to shareholders, and fostered relationship with shareholders.

In plenary meeting sessions, the CEO reported on the Bank's activities.

Furthermore, the BOD asked the Board of Management to report on specific topics, the implementation of Resolutions of the General Shareholders' Meeting and the Resolutions and Decisions of the BOD.

## COMMITTEES IN THE BOD

### COMMITTEE STRUCTURE

Currently, there are three committees in the BOD, including: Personnel Committee, Strategy Committee, Risk Management Committee, and these Committees operate according to regulations on organization and operation of each Committee issued by the BOD.

#### Risk Management Committee includes the following members:

- Ms. NGUYEN THI KIM OANH, Board member - Head of the Committee
- Ms. NGUYEN THI DUNG, independent Board member - Committee member
- Mr. YUTAKA ABE, Board member, Deputy General Director - Committee member
- Mr. DAO HAO, Deputy General Director - Committee member
- Mr. PHAM QUANG DUNG, Board member, Deputy General Director - Committee member
- Ms. NGUYEN THI LAN PHUONG, Deputy Director of Credit Policy Department, specialised member - Committee Secretary

#### Personnel Committee includes the following members:

- Mr. NGUYEN HOA BINH, Chairman - Head of the Committee
- Mr. NGHIEM XUAN THANH, Board member, General Director - Committee member
- Ms. TRUONG LE HIEN, Head of Supervisory Board - Committee member

#### Strategy Committee includes the following members:

- Mr. NGUYEN HOA BINH, Chairman - Head of the Committee
- Mr. NGHIEM XUAN THANH, Board member, General Director - Deputy Head of the committee
- Mr. NGUYEN VAN TUAN, Deputy General Director - Committee member
- Ms. PHUNG NGUYEN HAI YEN, Chief Accountant - Committee member
- Mr. PHAM CHI QUANG, Director of Treasury Department - Committee member
- Ms. PHAM THI THUY NGA, Director of Training Center - Committee member
- Mr. NGUYEN MANH HUNG, Director of Hanoi Branch - Committee member
- Ms. NGUYEN THUC LINH, Director of Strategic Planning and MIS Department - Committee member
- Mr. LE HOANG TUNG, Director of BOD Secretariat Department - Committee member



## BOARD OF DIRECTORS (Continued)

### COMMITTEES IN THE BOD (Continued)

Risk Management Committee advises the BOD in approving policies and directing the Bank's operation in each period, with regard to various risks (credit risk, market risk and operational risk ..), including determining ratios, limits, and the Bank's risk tolerance. Risk Management Committee periodically reports to the BOD on the Bank's risk status and proposes proper solutions. Risk Management Committee has been reorganized since the General Shareholders' Meeting. In 2013, Risk Management Committee coordinated with related departments to build and improve regulations such as those on granting credit lines to Financial Institution customers, Bank guarantee procedures, and managing Transaction Offices' operation. The

Committee has advised the BOD on strategies, risk management policies, and risk management methods in various operational aspects. Especially, the Committee advised the BOD in conducting Basel II, ALM – FTP – MPA projects.

Personnel & Remuneration Committee advises the BOD on various matters related to human resources (HR) and issuance of internal policies on salary schemes, bonuses, recruitment processes, education & training plans, and other remuneration policies. The Committee helps the BOD build strategies in HR management, and recruitment, training and appointment policies of Vietcombank. In 2013, the Committee advised the BOD about establishing policies on appointment,

salary and remuneration for senior personnel and changes in personnel at associates and joint-ventures.

Strategic Committee advises the BOD about establishing business development plans, including assessing current situations, overall goals, long-term visions, strategic plans and business targets, and proposing solutions and implementation roadmaps. In 2013, the Committee advised the BOD about establishing banking restructuring projects, financial capacity improvement plans to be submitted to the SBV, proposal on the Bank's organizational structure, and implementing Vietcombank's administrative and operational capacity improvement projects.

The Board members participated in Corporate management training programs.

## SUPERVISORY BOARD

### SUPERVISORY BOARD STRUCTURE

Since 25<sup>th</sup> April 2013, Supervisory Board has had 05 members, of whom four are specialized members and one is a concurrent member. The list of Supervisory Board members and their ownership percentages as at 31<sup>st</sup> December 2013 are as follows:

No.	Full name	Position	Ownership in Vietcombank	
			No. of shares	Shareholdings
1	TRUONG LE HIEN	Head of Supervisory Board	3,254	0.00014%
2	VU THI BICH VAN	Board member	0	0%
3	LA THI HONG MINH	Board member	2,114	0.00009%
4	DO THI MAI HUONG	Board member	3,417	0.00015%
5	LAI HUU PHUOC	Board member	3,254	0.00014%

## SUPERVISORY BOARD OPERATION

### EVALUATION OF SUPERVISORY BOARD'S ACTIVITIES

Supervisory Board has 05 members and 02 departments which are Operational Control and Internal Audit Departments. The Board performs tasks of monitoring the Bank's compliance with regulations by the SBV and organisational and operational charters of the Bank, in order to ensure its stable, safe and effective development.

Since members of the Board are mostly specialised members, the implementation of monitoring activities is conducted regularly and continuously throughout the year. There were 04 meeting sessions held during the year of 2013. The Board members also participated in all meeting sessions with the BOD and organized frequent meeting sessions with Operational Control and Internal Audit Departments.

The Supervisory Board evaluated interim reports and annual reports; frequently monitored the implementation of Resolutions and Regulations set out by the BOD at the General shareholders' Meeting and the implementation of its own recommendations; made reports on ownership status of the BOD members, the Supervisory members, General Director and related individuals, and shareholders with at least 5% ownership and having the voting rights.

Monitoring activities were conducted regularly and consistently throughout the system, including the Head Office, the branches, and the subsidiaries. The activities focused on comprehensive monitoring of the Bank's governance and risk management; regular monitoring of important operational areas and risky

areas; monitoring of the compliance with Credit Institutions Laws; and assessing 13 important headquarters construction projects, the investment of which was decided by the BOD.

Audit personnel and practices were strengthened and enhanced. Internal audit was conducted at two thirds of the branches and subsidiaries of VCB. In addition, auditing with regard to specific topics was conducted throughout the system. The number of audits increased more than two times compared to the figure in 2012. Auditing activities were in compliance with Circular No. 44/2011/TT-NHNN, where the auditing was organized according to risk levels, in order to make sure that business units and areas with the highest risks were audited annually and those with lower risks were audited at least every three years.

**SUPERVISORY BOARD OPERATION (Continued)**

LIST AND CONTENTS OF THE SUPERVISORY BOARD MEETING SESSIONS

Date	No. of members participated	Content
31/03/2013	4/4	<ul style="list-style-type: none"> <li>- Reviewed the Supervisory Board's activities in 2012 and planned the activities for 2013.</li> <li>- Approved the 2012 financial report evaluation results.</li> <li>- Submitted the Supervisory Board's report to the General shareholders' Meeting.</li> </ul>
25/04/2013	5/5	<ul style="list-style-type: none"> <li>- Voted for a new Head of Supervisory Board for the term 2013 - 2018.</li> </ul>
25/04/2013	5/5	<ul style="list-style-type: none"> <li>- Assigned tasks to the Supervisory Board members.</li> </ul>
14/08/2013	5/5	<ul style="list-style-type: none"> <li>- Reviewed activities of the Supervisory Board in the first 7 months of 2013.</li> <li>- Approved 2013 interim report evaluation results.</li> <li>- Planned activities for the final 5 months of 2013.</li> </ul>



**REMUNERATION, BENEFITS AND EXPENDITURES FOR THE BOD MEMBERS AND THE SUPERVISORY BOARD MEMBERS**

According to the Resolutions of the 6<sup>th</sup> General shareholders' Meeting dated 25<sup>th</sup> April 2013, the General shareholders approved the remuneration level for the BOD members and the Supervisory

Board members to be equivalent to 0.35% of profits after tax.

In fact, the BOD members and the Supervisory Board members received salaries and other benefits according

to the salary schemes and current regulations of Vietcombank. The total expenditures for the BOD members and the Supervisory Board members did not exceed the amount approved at the General Shareholders' meeting.

**TRANSACTIONS BY INSIDER SHAREHOLDERS AND RELATED PERSONS**

There was no share trading transaction by insider shareholders or related persons in 2013.

TheBanker  
**TOP 1000**  
WORLD BANKS 2013  
thebankerdatabase.com

**Vietcombank**

World Ranking: 445  
Country Ranking: 1





“ TO IMPROVE THE EFFECTIVENESS OF RISK MANAGEMENT, VIETCOMBANK HAS IMPLEMENTED COMPREHENSIVE, SCIENTIFIC AND SYSTEMATIC RISK MANAGEMENT TO IDENTIFY, CONTROL, PREVENT AND MINIMIZE THE DAMAGE, LOSS AND ADVERSE EFFECTS OF RISKS.

### CREDIT RISK

Vietcombank has adopted a centralised credit risk management system which is structured upon procedure, risk management, sales and operation functions. The objective of separating the three functions is to minimize risks and take advantage of credit officers' expertise.

In 2013, Vietcombank strictly controlled risks under customer and industry category in accordance

with improving the quality of assessment to prevent credit risk from evaluation, disbursement, enhancing the effectiveness of examination that implemented before, during and after the loans. In addition, the Head Office has strengthened the distant supervision on activities of its branches, subsidiaries and provided warning signals to prevent risks and conducted the post-examination on several credit programs to detect

transactions not complying with the bank's conditions and procedures. The bank has launched the PD model on the probability of default and tested LGD model on the estimation of loss. The bank has also continued the Project "Business Modelling" to create industry reports and companies forecasting models to standardize the analysis of industry risks, quantify and standardize the process of granting credit limits to customers.

### MARKET RISKS

Vietcombank has been proactive in adopting flexible interest rate policy, thereby narrowing the average maturity gap between assets and liabilities and selectively utilizing derivative products. The Asset-Liabilities management committee (ALCO) which operates in collaboration with other departments following international risk management models enhanced the effectiveness of interest rate risk management.

To manage foreign currency risk, Vietcombank has implemented a centralized foreign currency positions management policy at the Head Office. Vietcombank has also concentrated on foreign currency trading, derivatives instruments mainly spot and forward contracts to minimize adverse effects of fluctuation in exchange rates to the bank's operation.

In 2013, Vietcombank cooperated with foreign partners to implement projects and models on market risk management. In addition, Vietcombank has completely built up methodology and models on market risk management, also adopted modern techniques such as VAR method to measure market risks and tested Repricing Gap method to measure the fluctuations of net interest using interest rate change scenarios.

### LIQUIDITY RISK

Vietcombank's liquidity risk management complies with the following principles:

- » Strictly complying with SBV's regulations on capital ratios and liquidity ratios in banking operations;

- » Monitoring, evaluating assets and liabilities based on real maturity;
- » Complying with liquidity limits set by ALCO;
- » Evaluating and forecasting cash flow regularly for liquidity backup plan in normal

- business conditions or sudden events affecting depositors' behaviours;
- » Properly allocating assets in terms of cash, valuable papers investment and loans to respond to inadequate liquidity circumstances.

### OPERATIONAL RISK

To prevent and minimize operational risks, Vietcombank's internal control and audit division regularly assesses the appropriateness and compliance of operational processes and regulations and provides warning signals. To prevent ethical risks, Vietcombank has continued to

educate, organize regular training courses to its staff in order to enhance their knowledge and expertise on the Bank's operational risk management.

In 2013, Vietcombank has completed the Project "Enhancing Vietcombank's risk management

capabilities" including setting up workflows and key risk indicators (KRIs). The project has enabled Vietcombank to enhance its capabilities and effectiveness in operational risk management, to standardize its processes and facilities its operation and management.

# OPERATING NETWORK

No.	BRANCH	ADDRESS	[T]:	[F]:
1	AN GIANG	No. 1, Hung Vuong Str., Long Xuyen City, An Giang Province	(076) 3841 816	(076) 3841 591
2	BA DINH	No. 521, Kim Ma, Ba Dinh District, Hanoi	(04) 3766 5318	(04) 3766 5313
3	BAC GIANG	No. 179, Hung Vuong Str., Hoang Hoa Tham Ward, Bac Giang City, Bac Giang Province	(0240) 3855 576 (0240) 3858 848 (0240) 3855 575 (0240) 3855 639	(0240) 3855 639
4	NORTH OF HA TINH	Bac Hong Ward, Hong Linh Town, Ha Tinh Province	(039) 6262 555	(039) 6269 555
5	BAC LIEU	14-15 B Lot Ba Trieu Str., Ward 3 Bac Lieu City, Bac Lieu Province	(0781) 3953 143 (0781) 3953 142	(0781) 3953 141
6	BAC NINH	Intersection 6, Dai Phuc Ward, Bac Ninh City, Bac Ninh Province	(0241) 3811 848	(0241) 3811 848
7	BEN THANH	No. 69 Bui Thi Xuan Str., Pham Ngu Lao Ward, District 1, Ho Chi Minh City	(08) 3 8359 323 (08) 3 8358 743	(08) 3 8325 041
8	BIEN HOA	No.22, 3A Street, Bien Hoa II Industrial Zone, Bien Hoa City, Dong Nai Province	(061) 3991 944 (061) 3991 943	(061) 3991 947
9	BINH DUONG	No 314, Binh Duong Boulevard, Phu Hoa Ward, Thu Dau Mot Town, Binh Duong Province	(0650) 3898 989 ex222	(0650) 3831 220
10	BINH TAY	No. 129-129A, Hau Giang Str., Ward 5, District 6 HCMC	(08) 3 9600 477 (08) 3 9600 478	(08) 3 9606 217
11	BINH THANH	G Floor and 4 <sup>th</sup> Floor - SPT Building - No. 199, Dien Bien Phu Str., Ward 15, Binh Thanh Dist., HCMC	(08) 3 8407 924 (08) 3 8407 923	
12	BINH THUAN	No. 87, 19/4 Road, Xuan An Ward, Phan Thiet City, Binh Thuan Province	(062) 3739 064 (062) 3739 065 (062) 3739 067 (062) 3739 068	(062) 3739 066 (062) 3739 290
13	CA MAU	No.3-4C, Au Co Str., Ward No 7, Ca Mau City, Ca Mau Province	(058) 3835 027	(0780) 3833 466
14	CAM RANH	No. 100, 22/8 Str., Cam Thuan Ward, Cam Ranh City, Khanh Hoa Province	(058) 3955 767 (058) 3952 400	(058) 3952 403
15	CAN THO	No. 3-5-7 Hoa Binh, Tan An Ward, Ninh Kieu District, Can Tho City	(0710) 3820 445 (0710) 3820 192 (0710) 3824 354 (0710) 3824 355	(0710) 3817 299
16	CHAU DOC	No.55 Le Loi, Chau Phu B Ward, Chau Doc Town, An Giang Province	(076) 3565 603	(076) 3561 703
17	CHUONG DUONG	No.564, Nguyen Van Cu Str., Long Bien District, Hanoi	(04) 3 6522 949	(04) 36523 333
18	DA LAT	No.1, Le Hong Phong Str., Ward 4, Da Lat City, Lam Dong Province	(063) 3511 811	(063) 3533 666
19	DA NANG	No. 140 - 142, Le Loi Str., Hai Chau I Ward, Hai Chau District, Da Nang City	0511) 3817 441 (0511) 3817 440	(0511) 3835 103 (0511) 3826 062

No.	BRANCH	ADDRESS	[T]:	[F]:
20	DAK LAK	No. 6 Tran Hung Dao, Ban Me Thuot City, Dak Lak Province	(0500) 3857 899 (0500) 3818 444 (0500) 2240 777	(0500) 3855 038
21	DONG NAI	No. 77C, Hung Dao Vuong Str., Bien Hoa City, Dong Nai Province	(061) 3823 666 (061) 3823 672 (061) 3823 428	(061) 3824 191
22	DONG THAP	No. 66, 30/4 Street, Ward 1, Cao Lanh City, Dong Thap Province	(067) 3872 110 (067) 3872 114	(067) 3872 119
23	DUNG QUAT	Lot L3 - Sai Gon Dung Quat Industrial Park, Dung Quat EZ, Binh Son District, Quang Ngai Province	(055) 3632 333 (055) 3632 212 (055) 3632 336	(055) 3610 806
24	GIA LAI	No. 33 Quang Trung Str., Hoi Thuong Ward, Pleiku City, Gia Lai Province	(059) 3828 595 (059) 3828 592	
25	HA LONG	Ha Long Str, Bai Chay Ward, Ha Long City, Quang Ninh Province	(033) 3811 808 (033) 3811 911	(033) 3844 746
26	HA NAM	Commercial Center Hai Ha, Le Hoan Str, Hai Ba Trung, Phu Ly City, Ha Nam Province	(0351) 3616 666 (0351) 3616 567	
27	HA NOI	No. 334, Ba Trieu Str., Hai Ba Trung District, Ha Noi	(04) 3974 6666 (344 Ba Trieu) (04) 3972 6606 (199 Ba Trieu)	(04) 3974 7065
28	HA TAY	No. 484, Quang Trung Str., Ha Dong District, Ha Noi	(04) 3355 4545 (04) 3355 4444	
29	HA TINH	No. 2, Nguyen Thi Minh Khai Str, Tran Phu Ward, Ha Tinh City, Ha Tinh Province	(039) 3857 003 (039) 3777 886 (039) 3857 002	
30	HAI DUONG	No.66, Nguyen Luong Bang Str., Hai Duong City, Hai Duong Province	(0320) 3891 131 (0320) 3891 259 (0320) 3897 521	(0320) 3891 807
31	HAI PHONG	No. 11, Hoang Dieu Str., Hong Bang District, Hai Phong City	(031) 3842 658 (031) 3841 117	
32	HOAN KIEM	No. 23, Phan Chu Trinh, Str, Hoan Kiem District, Ha Noi City	(04) 3933 5566 (04) 3933 5580	
33	HUE	No. 78, Hung Vuong Str., Hue City, Thua Thien Hue Province	(054) 3811 900 (054) 3824 631	
34	HUNG YEN	Ban Yen Nhan Town, My Hao Ward, Hung Yen Province	(0321) 3941 886 (0321) 3941 042 (0321) 3941 040 (0321) 3941 044 (0321) 3742 116	
35	KIEN GIANG	No. 89, 3/2 Avenue, Vinh Bao Ward, Rach Gia City, Kien Giang Province	(077) 3862 749 (077) 3866 243	
36	KON TUM	No. 348 Tran Hung Dao, Kon Tum City, Kon Tum Province	(060) 3703 337 (060) 3913 516	
37	KY DONG	No. 13 -13 bis Ky Dong, Ward 9, District 3, HCMC	(08) 39318 968 (08) 35262 443 (08) 39318 953	
38	LONG AN	No. 2A, Pham Van Ngu Str., Block 5, Ben Luc Commune, Ben Luc District, Long An Province	(072) 3633 683 (072) 3633 687	
39	MONG CAI	No. 2, Van Don, Mong Cai City, Quang Ninh Province	(033) 3772 808 (033) 3881 676	

No.	BRANCH	ADDRESS	[T]:	[F]:
40	SOUTH OF BINH DUONG	DT 743 Road, Binh Hoa Town, Thuan An District, Binh Duong Province	(0650) 3713 853 (0650) 3710 722 (0650) 3710 721	(0650) 3710 725
41	NAM DINH	No 91, Quang Trung Str, Quang Trung Ward, Nam Dinh City, Nam Dinh Province	(0350) 3558 666	(0350) 3558 333
42	SOUTH OF BINH DUONG	1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> V6 Tower, Plot V, Him Lam, 23 Nguyen Huu Tho Str., Tan Hung Ward, Dist 7, HCMC	(08) 3770 1634	(08) 3770 1635
43	NHA TRANG	No. 21, Le Thanh Phuong Str., Van Thang Ward, Nha Trang City, Khanh Hoa Province	(058) 3822 720 (058) 3821 483 (058) 3813 196	(058) 3823 806 (058) 3815 114
44	NHON TRACH	25B Str., Nhon Trach III Industrial Zone, Nhon Trach District, Dong Nai Province	(061) 3560 881 (061) 3560 714	(061) 3560 880 (061) 3569 270
45	NINH BINH	No 872 Tran Hung Dao, Tan Thanh Ward, Ninh Binh City, Ninh Binh Province	(030) 3894 444 (030) 3894 446	
46	NINH THUAN	No. 47, 16/4 Str., Kinh Dinh Ward, Phan Rang City -Thap Cham, Ninh Thuan Province	(068) 3827 552 (068) 3827 072	
47	PHU TAI	267, 269 Lac Long Quan Str., Tran Quang Dieu Ward, Quy Nhon City, Binh Dinh Province	(056) 3541 869 (056) 3741 038 (056) 3941 078	(056) 3741 007
48	PHU THO	664 Su Van Hanh Str., District 10, Ho Chi Minh City	(08) 3863 5821 (08) 3862 4804	
49	PHU YEN	No 194-196 Hung Vuong Str., Dist. 7, Tuy Hoa City, Phu Yen Province	(057) 3811 709 (057) 3818 186	
50	DISTRICT 5	No. 2D-2E Ly Thuong Kiet Str., District 5, Ho Chi Minh City	(08) 3957 3378 (08) 3957 3380	
51	QUANG BINH	No. 54 Nguyen Huu Canh, Dong Hoi, Quang Binh Province	(052) 3840 380 (052) 3828 347	
52	QUANG NAM	No 35, Tran Hung Dao Str., Tam Ky City, Quang Nam Province	(0510) 2210 898 (0510) 2210 898	
53	QUANG NGAI	No 345, Hung Vuong Str., Quang Ngai City, Quang Ngai Province	(055) 3828 578 (055) 3825 431 (055) 3825 430	(055) 3711 482
54	QUANG NINH	25/4 Road, Bach Dang Ward, Ha Long City, Quang Ninh Province	(033) 3828 915 (033) 3827 206	
55	QUANG TRI	No. 51, Tran Hung Dao Str., Dong Ha Commune, Quang Tri Province	(053) 3555 727 (053) 3555 726	
56	QUY NHON	No. 66C Le Duan Str., Ly Thuong Kiet Ward, Quy Nhon City, Binh Dinh Province	(056) 3526 666 (056) 3526 526 (056) 3523 181	
57	OPERATION CENTER	No. 31-33 Ngo Quyen Str., Hoan Kiem District, Ha Noi City	(04) 3936 8547 (04) 3936 5534 (04) 3824 1395	
58	SOC TRANG	No. 25-27, Hai Ba Trung Str., Soc Trang City, Soc Trang Province	(079) 3621 752 (079) 3824 186 (079) 3828 664	
59	SONG THAN	No 79/8 Binh Duong 2 Block, An Binh Ward, Di An City, Binh Duong Province	(08) 3724 1627 (08) 3724 5248 (0650) 3792 158 (08) 3724 1498 (0650) 3792 387	

No.	BRANCH	ADDRESS	[T]:	[F]:
60	TAN BINH	No. 108, Tay Thanh Str., Tay Thanh Ward, Tan Phu District, Ho Chi Minh City	(08) 3815 7777	(08) 3810 6838
61	TAN DINH	No. 72, Pham Ngoc Thach Str., District 3, Ho Chi Minh City	(08) 3820 8762 (08) 3820 6847 (08) 3820 6848 (08) 3820 9242	
62	TAY DO	Tra Noc Industrial Park, Tra Noc Ward, Binh Thuy Dist., Can Tho City	(0710) 3844 272	(0710) 3843 056
63	TAY NINH	No. 374-376, 30/4 Str., Ward 3, Tay Ninh Town, Tay Ninh Province	(066) 3818 996 (066) 3818 997	(066) 3818 998
64	THAI BINH	No. 75, Le Loi Str., Thai Binh City, Thai Binh Province	(036) 3839 724 (036) 3845 998	(036) 3836 994
65	THAI NGUYEN	No. 10 Cach Mang Thang 8 Road, Phan Dinh Phung Str, Thai Nguyen City, Thai Nguyen Province	(0280) 3658 215 (0280) 3658 219	
66	THANG LONG	No. 98, Hoang Quoc Viet Str., Cau Giay District, Ha Noi City	(04) 3755 7194	(04) 3756 9006
67	THANH CONG	Lot 3, Suburb of 4.1 CC, Hoang Dao Thuy Str., Nhan Chinh Ward, Thanh Xuan District, Ha Noi	(04) 6257 8686 (04) 3776 4362	(04) 3776 1747
68	THANH HOA	No. 11, Hac Thanh Str., Dien Bien Ward, Thanh Hoa City, Thanh Hoa Province	(037) 3728 286 (037) 3728 386	
69	THANH XUAN	No. 448-450 Nguyen Trai Str., Thanh Xuan District, Ha Noi City	(04) 3557 8598 (04) 3557 9138	
70	THU DUC	Linh Trung I Export Processing Zone, Thu Duc District, HCMC	(08) 3896 6806 (08) 3897 4947 (08) 3724 2693 (08) 3724 5160	(08) 3897 4176 (08) 3724 5161
71	TIEN GIANG	No. 152, Dinh Bo Linh Str., Ward 2, My Tho City, Tien Giang Province	(073) 3976 999 (073) 3975 878	
72	HO CHI MINH CITY	No. 10 Vo Van Kiet Road, Ward Nguyen Thai Binh, District 1, HCMC	(08) 3829 7245 (08) 3914 1777 (08) 3829 7228 (08) 3821 6781	
73	TRA VINH	No. 28, Nguyen Thi Minh Khai, Ward 2, Tra Vinh Town, Tra Vinh Province	(074) 3868 780 (074) 3868 791	
74	TRUNG DO	No. 09, Nguyen Sy Sach Str., Ha Huy Tap Ward, Vinh City, Nghe An Province	(038) 8699 567 (038) 8699 568	
75	VIET TRI	No. 1606A, Hung Vuong Str., Gia Cam Ward, Viet Tri City, Phu Tho Province	(0210) 3766 666 (0210) 3766 667	
76	VINH	No. 21, Quang Trung Str., Vinh City, Nghe An Province	(038) 3842 033 (038) 3842 192	
77	VINH LOC	Vinh Loc Industrial Zone, Binh Tan District, Ho Chi Minh City	(08) 3765 4666 (08) 2227 5252 (08) 3765 1327 (08) 3765 1329	
78	VINH LONG	No. 1D and 1E Hoang Thai Hieu, Dist. 1, Vinh Long City, Vinh Long Province	(070) 3836 478 (070) 3836 479	
79	VINH PHUC	No 116, Ngo Quyen Str., Vinh Yen - Vinh Phuc Province	(0211) 3720 920 (0211) 3720 921	
80	VUNG TAU	No 27 - 29 Tran Hung Dao Str., Vung Tau City, Ba Ria Vung Tau Province	(064) 3852 309 (064) 3859 874 (064) 3859 168 (064) 3859 859	



*Green* of COMMUNITY  
TO SPREAD LOVE AROUND



## Community and Society

- Activities for social welfare





“ FOR THE PAST 50 YEARS SINCE THE BANK'S ESTABLISHMENT, THE JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM (VIETCOMBANK) HAS MAINTAINED THE POSITION AS ONE OF THE LEADING COMMERCIAL BANKS IN VIETNAM WHO CLOSELY FOLLOWS THE GUIDELINES AND POLICIES SET BY THE COMMUNIST PARTY AND THE STATE BANK IN COMPLETING OUR ASSIGNED TASKS. IN ADDITION TO COMPLETING OUR BUSINESS GOALS, VIETCOMBANK HAS ALSO BEEN AN ACTIVE PARTICIPANT IN VARIOUS SOCIAL WELFARE AND COMMUNITY SUPPORT ACTIVITIES. IN THE YEAR OF 2013 ALONE, VIETCOMBANK PLEDGED TO DONATE NEARLY VND 231 BILLION TO CHARITIES IN AREAS WHERE LIVING CONDITIONS ARE BELOW AVERAGE, SUCH AS THE NORTHWESTERN, CENTRAL HIGHLANDS AND SOUTHWESTERN AREAS.



THE JOURNEY TO

*Light the fire*  
IN OUR HEARTS



## EDUCATIONAL DEVELOPMENT

THE YOUNGER POPULATION IS THE FUTURE OF OUR COUNTRY. THEREFORE, THEIR GOOD TRAINING AND NOURISHMENT ARE THE BUILDING BLOCKS TO CREATE A SOLID FOUNDATION FOR A CIVILIZED, INDUSTRIALIZED AND MODERN COUNTRY.



As a result, the Party and the Government in recent years have expressed a strategic interest in making so-called "investments in the future", with education for younger generations being always of the highest priority. Vietcombank also has nearly half of its pledged funds reserved for this purpose.

Each year, Vietcombank funds many new kindergartens and schools of all levels in many

provinces all over the country, greatly raising the quality of educational infrastructure in these areas. Particularly in 2013, Vietcombank funded the construction of more than 20 new schools in various localities nationwide with the total cost of nearly 100 billion VND. Names like Dong Thang Preschool at Dong Thang Commune, Co Do District, Can Tho City (VND 10 billion), Cu Pui II - Krong Bong Primary School (VND 10 billion),

old schools such as furniture, library, computer rooms or just fresh water tanks and new toilets, etc. These are very simple but practical additions to the schools and play a significant role in improving the quality of teaching and learning.

Each year, Vietcombank funds many scholarships totaling up to tens of billions of VND for students who excel academically or have made remarkable effort

to overcome difficulties. These scholarships are awarded through scholarship funds and study promotion funds within local and national fundraising programs. In 2013, thousands of scholarships were awarded to more than 100 grassroots schools and universities in many provinces. For example, Vietcombank has been the sole sponsor for the program "Light up the Dreams of Vietnamese Children" organized by the Ho Chi



Dak Nang - Kon Tum Secondary School (VND 10 billion) are the joy and pride of many teachers and pupils who, for the first time, will have a chance to study in a spacious and well-equipped establishment. Vietcombank's great rewards for these deeds are not only the happy smiles of the small angels but also the quiet tears of joy and tightened handshakes of their teachers.

In addition to building new schools, Vietcombank is also proactive in providing new equipment and upgrading infrastructure in some



“ THROUGH THESE ACTIVITIES, VIETCOMBANK WISHES TO **HELP REALIZE THE DREAMS** OF LESS FORTUNATE CHILDREN AND KINDLE THE PASSION FOR LEARNING AND TRADITION IN OUR YOUNGER GENERATIONS.

Minh Communist Youth Union for 5 consecutive years. This national program aims to enhance the lives of millions of less fortunate children through granting scholarships, donating bicycles and books... In addition, Vietcombank is also proud to be involved in other well-known programs such as "Vietnam Talent", "Connecting Dreams", etc. Through these activities, Vietcombank wishes to help realize the dreams of less fortunate children and kindle the passion for learning and tradition in our younger generations.



# SUPPORT HEALTHCARE

HEALTHCARE IS ONE OF VIETCOMBANK'S PRIORITIES IN COMMUNITY SUPPORT ACTIVITIES WITH THE GOAL OF IMPROVING PEOPLE' HEALTH BY FUNDING MEDICAL EQUIPMENT FOR HOSPITALS, BUILDING LOCAL HEALTH CLINICS AND DONATING TO SUBSIDIZE PATIENTS' MEDICAL FEES.

During the year 2013, Vietcombank has actively participated in funding new medical equipment for various hospitals such as Da Nang Cancer Hospital (20 billion VND), Vietnam - Soviet Friendship Hospital (5 billion VND), Vietnam - Germany Friendship Hospital (3.1 billion VND), Kien Giang General Hospital (2.5 billion VND)...

Vietcombank has also built more health clinics in Quang Ngai, Nghe An, Quang Tri, as well as education centers for orphans and centers for elder care in Long Xuyen, An Giang (15 billion VND)... Besides the support for material facilities, Vietcombank has also directed attention to individual cases such as supporting surgery costs for poor children with congenital heart diseases in the Mekong Delta, partly funding annual medical fees for hundreds of patients at hospitals in Can Tho, visiting patients with special circumstances. Moreover, the various social groups at Vietcombank also regularly run donation programs to support meals for local patients.



# SUPPORT ACTIVITIES FOR SOCIAL WELFARE

Humane traditions which encourage everyone in the society to lend a helping hand and support less fortunate individuals represent the values that Vietcombank has always tried to preserve and promote. In 2013, Vietcombank has donated hundreds of houses to disadvantaged households and families in many provinces all over the country with

the value totaling around tens of billions of VND. Also in 2013, Vietcombank has built Thuong Duc - Quang Nam Victory Monument (VND 8.9 billion), donated to the funds "Sincerely for Truong Sa Islands" (VND 5 billion), contributed to Quang Ngai Fishermen's Fund (VND 5 billion), donated to victims of damaging storms (VND

3.4 billion), supported the poor in the Southern Highlands and Southwestern area for Tet Holiday 2013 (VND 2 billion)... In addition, Vietcombank is an active participant in several other local programs to bring national grid to Co To island, Quang Ninh (VND 10 billion) and to renovate the rural areas in Ninh Thuan (VND 10 billion).







**231** BILLION VND  
TO SUPPORT SOCIAL  
WELFARE IN 2013

GIVEN THAT THE ECONOMY HAS NOT RECOVERED FROM THE CRISIS, IN 2013, VIETCOMBANK WAS FACED WITH MANY DIFFICULTIES AND CHALLENGES ON AS THE BANK STRIVED TO ACCOMPLISH BUSINESS TARGETS SET OUT AT THE GENERAL SHAREHOLDERS' MEETING. HOWEVER, VIETCOMBANK IS STILL HIGHLY DEDICATED TO ITS SOCIAL COMMITMENTS AND OUR VOLUNTEERS ARE DILIGENTLY LEAVING FOOTPRINTS AT ALL CORNERS OF THE COUNTRY - A TRADITION WE HAVE UPHELD THROUGHOUT 50 YEARS OF THE BANK'S DEVELOPMENT. THUS, VIETCOMBANK'S JOURNEY TO KINDLE AND PROTECT THE DREAMS OF ALL VIETNAMESE PEOPLE HAS YET COME TO AN END.

Not only has Vietcombank demonstrated its commitment to social responsibility through social welfare, in the first stages of its transformation towards a regional financial corporation, Vietcombank is also determined to improve its the quality of its products and banking services, develop new products and

solutions appropriate for consumers. This is a practical way to demonstrate Vietcombank's responsibility to society. Although the national economy is expected to recover in 2014, the banking sector will still need to resolve its inherent problems with bad debts, asset quality and corporate governance. In that context, Vietcombank have had a clear business orientation appropriate for the business outlook of 2014. The Bank prioritizes the review of asset quality to improve financial capability as well as to minimize potential risks; the improvement of debt recovery measures; exploitation of competitive advantages of each business segment to maximize profits and secure such advantages; the improvement of staff quality and alterations to the Bank's organizational model in accordance with modern banking standards; evaluation and implementation of solutions to improve operational efficiency of its branches hence to increase clarification and sustainable development of the whole system and its branches; network expansion activities in the potential areas and upgrading of information technology systems.

“WORKING TOWARDS THE GOAL OF BECOMING A “GREEN BANK” FOR SUSTAINABLE DEVELOPMENT IN THE COMMUNITY, THE BANK HAS IDENTIFIED ITS RESPONSIBILITIES TO THE SOCIETY. VIETCOMBANK VIEWS “TRUST” AS THE GOAL FOR ITS BUSINESS AND “HEART” AS THE CENTER OF ITS SOCIAL WELFARE ACTIVITIES. VIETCOMBANK ALWAYS ENDEAVORS TO BRING LONG-TERM VALUES TO THE DEVELOPMENT OF OUR COMMUNITY AND PRACTICAL CONTRIBUTIONS TO THE IMPROVEMENT OF PEOPLE'S LIVING QUALITY. AS SUCH, VIETCOMBANK'S MOTTO “TOGETHER FOR THE FUTURE” IS OUR MESSAGE AND FIRM PROMISE NOT ONLY TO OUR CUSTOMERS BUT ALSO TO ALL VIETNAMESE PEOPLE.

*Green* of QUALITY  
TO NURTURING TRUST

## Consolidated Financial Statements

- General information • Report of the Board of Management
- Independent auditors' report • Consolidated balance sheet • Consolidated statement of income • Consolidated statement of cash flows • Notes to the consolidated financial statements



## GENERAL INFORMATION

<b>Banking Licence</b>	No. 138/GP-NHNN dated 23 May 2008 issued by the State Bank of Vietnam ("the SBV") and Decision No. 2719/QD-NHNN dated 27 December 2011 by the Governor of the State Bank of Vietnam adjusting and supplementing the contents of the Bank's operations. The Banking Licence validity is 99 years from the issuance date of the Banking Licence No. 138/GP-NHNN.
<b>Business Registration Certificate</b>	Business Registration Certificate No. 0100112437 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment was renewed for the first time on 6 September 2010 and for the eighth time on 1 August 2013.

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

Mr. NGUYEN HOA BINH	Chairman	Reappointed on 25 April 2013
Mr. NGUYEN PHUOC THANH	Member	Reappointed on 25 April 2013 Resigned on 26 July 2013
Ms. LE THI HOA	Member	Reappointed on 25 April 2013
Mr. NGUYEN DANG HONG	Member	Reappointed on 25 April 2013
Mr. NGUYEN DANH LUONG	Member	Reappointed on 25 April 2013
Mr. YUTAKA ABE	Member	Reappointed on 25 April 2013
Mr. NGHIEM XUAN THANH	Member	Appointed on 25 April 2013
Mr. PHAM QUANG DUNG	Member	Appointed on 25 April 2013
Ms. NGUYEN THI DUNG	Member	Appointed on 25 April 2013
Ms. NGUYEN THI KIM OANH	Member	Appointed on 25 April 2013
Ms. LE THI KIM NGA	Member	Appointed on 23 May 2008 Resigned on 25 April 2013
Mr. LE DAC CU	Member	Appointed on 2 April 2012 Resigned on 25 April 2013

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

Mr. NGHIEM XUAN THANH	Chief Executive Officer	Appointed on 26 July 2013
Mr. NGUYEN PHUOC THANH	Chief Executive Officer	Appointed on 23 May 2008 Reappointed on 2 June 2013 Resigned on 26 July 2013
Mr. NGUYEN VAN TUAN	Deputy CEO	Reappointed on 15 June 2012
Mr. DAO MINH TUAN	Deputy CEO	Reappointed on 15 June 2012
Mr. PHAM QUANG DUNG	Deputy CEO	Reappointed on 15 June 2012
Mr. NGUYEN DANH LUONG	Deputy CEO	Appointed on 1 August 2009
Mr. DAO HAO	Deputy CEO	Appointed on 1 August 2010
Mr. PHAM THANH HA	Deputy CEO	Appointed on 1 August 2010
Mr. YUTAKA ABE	Deputy CEO	Appointed on 30 September 2012
Ms. TRUONG THI THUY NGA	Deputy CEO	Appointed on 1 December 2012

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

Ms. TRUONG LE HIEN	Head of Supervisory Board	Reappointed on 25 April 2013
Ms. LA THI HONG MINH	Member	Reappointed on 25 April 2013
Ms. DO THI MAI HUONG	Member	Reappointed on 25 April 2013
Ms. VU THI BICH VAN	Member	Reappointed on 25 April 2013
Mr. LAI HUU PHUOC	Member	Appointed on 25 April 2013

**Chief Accountant** Ms. PHUNG NGUYEN HAI YEN Appointed on 16 June 2011

**Legal Representative** From 1 January 2013 to 25 July 2013  
Mr. NGUYEN PHUOC THANH Title: Chief Executive Officer  
  
From 26 July 2013  
Mr. NGHIEM XUAN THANH Title: Chief Executive Officer

**The Bank's Head Office** 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam

**The Bank's auditors** Ernst & Young Vietnam Limited



## REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") is pleased to present its report and the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2013.

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

The Board of Management is responsible for the consolidated financial statements which give a true and fair view of the consolidated financial position of the Bank and its subsidiaries and of the consolidated results of their operations and their consolidated cash flows for each financial year. In preparing those consolidated financial statements, the Board of Management is required to:

- » Select suitable accounting policies and then apply them consistently;
- » Make judgements and estimates that are reasonable and prudent;
- » State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- » Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiaries will continue their business.

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

The Board of Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements for the year ended 31 December 2013.

### Statement by the Board of Management

The Board of Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2013 and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and with the statutory requirements stipulated by the State Bank of Vietnam relevant to preparation and presentation of consolidated financial statements.

For and on behalf of the Board of Management:



Mr. NGUYEN DANH LUONG  
Deputy CEO

Hanoi, 20 March 2014

## INDEPENDENT AUDITORS' REPORT

Reference: 61039047/16470013

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

We have audited the accompanying consolidated financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") and its subsidiaries as prepared on 20 March 2014 and set out on pages 93 to 167, which comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement and the consolidated statement of cash flows for the year then ended and the notes thereto.

### The Board of Management's Responsibility for the consolidated financial statements

The Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Bank and its subsidiaries in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and with the statutory requirements stipulated by the State Bank of Vietnam relevant to preparation and presentation of consolidated financial statements and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express our 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 of the Bank and its subsidiaries are free from material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design appropriate 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 the Board of 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.



## INDEPENDENT AUDITORS' REPORT (Continued)

Reference: 61039047/16470013

## CONSOLIDATED BALANCE SHEET

(AS AT 31 DECEMBER 2013) Form B02/TCTD-HN  
(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the SBV)

### Opinion

In our opinion, the consolidated financial statements present truly and fairly, in all material aspects, the consolidated financial position of the Bank and its subsidiaries as at 31 December 2013, and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and with the statutory requirements stipulated by the State Bank of Vietnam relevant to preparation and presentation of consolidated financial statements.

### Ernst & Young Vietnam Limited



Mr. NGUYEN XUAN DAI  
Deputy General Director  
Audit Practicing Registration  
Certificate No. 0452-2013-004-1

Ms. VO XUAN MINH  
Auditor  
Audit Practicing Registration  
Certificate No. 0923-2013-004-1

Ho Chi Minh City, Vietnam

20 March 2014

	Notes	31/12/2013 VND million	31/12/2012 VND million (Restated)
<b>A ASSETS</b>			
<b>I Cash on hand, gold, silver and gemstones</b>	<b>4</b>	<b>6,059,673</b>	<b>5,627,307</b>
<b>II Balances with the State Bank of Vietnam</b>	<b>5</b>	<b>24,843,632</b>	<b>15,732,095</b>
<b>III Balances with and loans to other credit institutions</b>	<b>6</b>	<b>91,737,049</b>	<b>65,712,726</b>
1 Balances with other credit institutions		83,810,806	60,509,084
2 Loans to other credit institutions		7,992,267	5,320,515
3 Allowance for loans to other credit institutions		(66,024)	(116,873)
<b>IV Trading securities</b>	<b>7</b>	<b>195,270</b>	<b>520,876</b>
1 Trading securities		196,158	521,239
2 Allowance for diminution in the value of trading securities		(888)	(363)
<b>V Derivatives and other financial assets</b>	<b>18</b>	<b>136,725</b>	<b>-</b>
<b>VI Loans and advances to customers</b>		<b>267,863,404</b>	<b>235,889,060</b>
1 Loans and advances to customers	8	274,314,209	241,167,308
2 Allowance for loans and advances to customers	9	(6,450,805)	(5,278,248)
<b>VII Investment securities</b>		<b>64,463,096</b>	<b>78,521,304</b>
1 Available-for-sale securities	10(a)	47,127,209	73,945,195
2 Held-to-maturity securities	10(b)	17,360,833	4,843,173
3 Allowance for diminution in the value of investment securities		(24,946)	(267,064)
<b>VIII Long-term investments</b>		<b>3,041,790</b>	<b>3,020,788</b>
1 Investments in joint-ventures	11(a)	707,078	719,266
2 Investments in associates	11(b)	14,986	13,966
3 Other long-term investments	11(c)	2,356,016	2,324,794
4 Allowance for diminution in the value of long-term investments	11(c)	(36,290)	(37,238)
<b>IX Fixed assets</b>		<b>4,085,686</b>	<b>3,660,336</b>
1 Tangible fixed assets	12	2,556,047	2,304,757
a Cost		5,769,752	5,472,412
b Accumulated depreciation		(3,213,705)	(3,167,655)
2 Intangible fixed assets	13	1,529,639	1,355,579
a Cost		1,948,036	1,676,224
b Accumulated amortization		(418,397)	(320,645)
<b>XI Other assets</b>		<b>6,567,707</b>	<b>5,803,825</b>
1 Receivables	14(a)	2,098,143	1,566,355
2 Accrued interest and fee receivables	14(b)	3,649,335	3,429,045
3 Other assets	14(c)	817,336	808,425
4 Deferred tax assets		2,893	-
<b>TOTAL ASSETS</b>		<b>468,994,032</b>	<b>414,488,317</b>

# CONSOLIDATED BALANCE SHEET (Continued)

(AS AT 31 DECEMBER 2013 ) // Form B02/TCTD-HN  
(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the SBV)

	Notes	31/12/2013 VND million	31/12/2012 VND million (Restated)
<b>B</b>	<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>I</b>	<b>Amounts due to the Government and the State Bank of Vietnam</b>		
	15	32,622,411	24,806,433
<b>II</b>	<b>Deposits and borrowings from other credit institutions</b>		
	16	44,044,289	34,066,352
1	Deposits from other credit institutions	31,181,723	16,963,858
2	Borrowings from other credit institutions	12,862,566	17,102,494
<b>III</b>	<b>Deposits from customers</b>		
	17	332,245,598	285,381,722
<b>IV</b>	<b>Derivatives and other financial liabilities</b>		
	18	-	5,461
<b>VI</b>	<b>Valuable papers issued</b>		
	19	2,013,597	2,027,567
<b>VII</b>	<b>Other liabilities</b>		
		15,532,445	26,502,017
1	Accrued interest and fee payables	4,394,123	3,454,890
2	Deferred tax liabilities	17,333	53,607
3	Other liabilities	10,492,739	22,423,242
4	Provision for contingent liabilities and off-balance sheet commitments	628,250	570,278
	<b>TOTAL LIABILITIES</b>	<b>426,458,340</b>	<b>372,789,552</b>
<b>VIII</b>	<b>Capital and reserves</b>		
1	Capital	32,420,728	32,420,728
a	Chartered capital	23,174,171	23,174,171
b	Share premium	9,201,397	9,201,397
c	Other capital	45,160	45,160
2	Reserves	3,468,552	2,793,880
3	Foreign exchange differences	123,853	121,228
4	Asset revaluation differences	82,306	72,800
5	Retained profits	6,290,626	6,138,214
a	Previous years' retained profits	3,278,802	3,058,026
b	Current year's retained profits	3,011,824	3,080,188
	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>42,386,065</b>	<b>41,546,850</b>
<b>IX</b>	<b>Minority interests</b>		
		149,627	151,915
	<b>TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS</b>	<b>468,994,032</b>	<b>414,488,317</b>

No.	OFF-BALANCE SHEET ITEMS	Notes	31/12/2013 VND million	31/12/2012 VND million
<b>I</b>	<b>Contingent liabilities</b>	35		
1	Credit guarantees		163,941	19,400
2	Letters of credit		33,696,290	29,674,606
3	Other guarantees		15,467,905	17,353,819
<b>II</b>	<b>Commitments</b>	35		
1	Other commitments		-	364,982
			<b>49,328,136</b>	<b>47,412,807</b>

Hanoi, 20 March 2014

Prepared by:

Approved by:

Ms. NGUYEN THI THU HUONG

Ms. PHUNG NGUYEN HAI YEN

Mr. NGUYEN DANH LUONG

Deputy Director of  
Accounting Policy Department

Chief Accountant



Deputy CEO



# CONSOLIDATED INCOME STATEMENT

(FOR THE YEAR ENDED 31 DECEMBER 2013) Form B03/TCTD-HN  
 (Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the SBV)

	Notes	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
1 Interest and similar income	22	28,298,671	31,733,995
2 Interest and similar expenses	23	(17,516,269)	(20,792,943)
<b>I Net interest income</b>		<b>10,782,402</b>	<b>10,941,052</b>
3 Fee and commission income	24	2,745,171	2,235,698
4 Fee and commission expenses	24	(1,125,800)	(861,939)
<b>II Net fee and commission income</b>	<b>24</b>	<b>1,619,371</b>	<b>1,373,759</b>
<b>III Net gain from trading foreign currencies</b>	<b>25</b>	<b>1,426,859</b>	<b>1,487,751</b>
<b>IV Net gain from trading securities</b>		<b>22,172</b>	<b>76,742</b>
<b>V Net gain from investment securities</b>	<b>26</b>	<b>160,461</b>	<b>207,631</b>
5 Other income	27	1,027,579	657,253
6 Other expenses	27	(93,294)	(132,155)
<b>VI Net other income</b>	<b>27</b>	<b>934,285</b>	<b>525,098</b>
<b>VII Net income from investments in associates and joint-ventures</b>	<b>28</b>	<b>561,804</b>	<b>468,583</b>
<b>TOTAL OPERATING INCOME</b>		<b>15,507,354</b>	<b>15,080,616</b>
<b>VIII TOTAL OPERATING EXPENSES</b>	<b>29</b>	<b>(6,244,061)</b>	<b>(6,013,108)</b>
<b>IX Net profit before provisions and allowances for credit losses</b>		<b>9,263,293</b>	<b>9,067,508</b>
<b>X Provisions and allowances for credit losses</b>	<b>30</b>	<b>(3,520,217)</b>	<b>(3,303,210)</b>
<b>XI PROFIT BEFORE TAX</b>		<b>5,743,076</b>	<b>5,764,298</b>

	Notes	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
7 Current corporate income tax expenses	31	(1,365,494)	(1,343,305)
<b>XII Corporate income tax expenses</b>	<b>31</b>	<b>(1,365,494)</b>	<b>(1,343,305)</b>
<b>XIII PROFIT AFTER TAX</b>		<b>4,377,582</b>	<b>4,420,993</b>
<b>XIV Net profit attributable to the minority interest</b>		<b>(19,530)</b>	<b>(23,500)</b>
<b>XVI NET PROFIT</b>		<b>4,358,052</b>	<b>4,397,493</b>
<b>XV Earnings per share (VND)</b>	<b>21(c)</b>	<b>1,582</b>	<b>1,623</b>

Hanoi, 20 March 2014

Prepared by:

Approved by:

Ms. NGUYEN THI THU HUONG

Ms. PHUNG NGUYEN HAI YEN

Mr. NGUYEN DANH LUONG

Deputy Director of  
Accounting Policy Department

Chief Accountant

Deputy CEO

# CONSOLIDATED STATEMENT OF CASH FLOWS

(FOR THE YEAR ENDED 31 DECEMBER 2013) Form B04/TCTD-HN  
(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the SBV)

	Notes	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1	Interest and similar income receipts	27,694,842	32,207,687
2	Interest and similar expenses payments	(16,577,491)	(20,289,741)
3	Fee and commission income receipts	1,619,371	1,373,759
4	Net receipts from foreign currencies, gold and securities trading	1,136,380	1,843,717
5	Other income receipts/(expense payments)	245,971	(20,575)
6	Receipts from recovery of bad debts previously written off	687,694	369,844
7	Payments to employees and for other operating activities	(5,411,498)	(5,548,678)
8	Income tax paid	(1,372,355)	(1,498,166)
	<b>Net cash flow from operating activities before changes in operating assets and working capital</b>	<b>8,022,914</b>	<b>8,437,847</b>
<b>Changes in operating assets</b>			
9	Balances with and loans to other credit institutions	333,084	(2,259,835)
10	Trading securities	(4,792,939)	(17,428,159)
11	Derivatives and other financial assets	(136,725)	-
12	Loans and advances to customers	(33,146,900)	(31,749,735)
13	Utilization of allowance for loans and advances to customers	(2,576,034)	(3,571,697)
14	Other operating assets	(453,892)	325,565
<b>Changes in operating liabilities</b>			
15	Amounts due to the Government and the SBV	6,624,281	(10,602,746)
16	Deposits and borrowings from other credit institutions	9,977,937	(13,896,022)
17	Deposits from customers	48,055,573	54,907,813
18	Valuable papers issued	(13,970)	(43,816)
19	Derivatives and other financial liabilities	(5,461)	(6,013)
20	Other operating liabilities	(11,677,564)	3,586,840
21	Payments from reserves	(372,963)	(452,113)
I	<b>Net cash flow generated from/(used in) operating activities</b>	<b>19,837,341</b>	<b>(12,752,071)</b>

	Notes	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1	Payments for purchases of fixed assets	(1,170,801)	(1,630,359)
2	Proceeds from disposals of fixed assets	2,819	6,589
3	Payments for disposals of fixed assets	(2,301)	(657)
4	Payments for investments in other entities	(100,347)	(165,029)
5	Proceeds from disposals of investments in other entities	362,909	4,400
6	Dividends received from long-term investments	282,644	396,778
7	Dividends of prior year received in the year	752	-
II	<b>Net cash flow (used in) investing activities</b>	<b>(624,325)</b>	<b>(1,388,278)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1	Increase in capital from issuance of shares	-	3,338,869
2	Increase in share premium from issuance of shares	-	8,342,702
3	Dividends of prior year paid in cash	(2,780,901)	(2,363,765)
III	<b>Net cash flow (used in)/generated from financing activities</b>	<b>(2,780,901)</b>	<b>9,317,806</b>
IV	<b>Net cash flow during the year</b>	<b>16,432,115</b>	<b>(4,822,543)</b>
V	<b>Cash and cash equivalents at the beginning of the year</b>	<b>120,707,847</b>	<b>125,530,390</b>
VII	<b>Cash and cash equivalents at the end of the year</b>	<b>137,139,962</b>	<b>120,707,847</b>

Hanoi, 20 March 2014

Prepared by:

Approved by:

Ms. NGUYEN THI THU HUONG

Ms. PHUNG NGUYEN HAI YEN

Mr. NGUYEN DANH LUONG

*Deputy Director of  
Accounting Policy Department*

*Chief Accountant*

*Deputy CEO*





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(FOR THE YEAR ENDED 31 DECEMBER 2013) Form B05/TCTD-HN  
(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the SBV)

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

## 1. Reporting entity

### (a) Establishment and operations

Joint Stock Commercial Bank for Foreign Trade of Vietnam was established upon the transformation from a state-owned commercial bank following the approval of the Prime Minister on the equitization plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Banking Licence No. 138/GP-NHNN dated 23 May 2008 by the State Bank of Vietnam for a period of 99 years and Business Registration Certificate No. 0103024468 dated 2 June 2008 by Hanoi Authority for Planning and Investment, Business Registration Certificate No. 0100112437 was renewed for the eighth time on 1 August 2013.

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

### (b) Chartered capital

Under Banking Licence No. 138/GP-NHNN dated 23 May 2008 issued by the SBV and Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, the Bank's chartered capital was VND12,100,860,260,000. As at 31 December 2013, under Business Registration Certificate No. 0100112437 which was renewed for the eighth time on 1 August 2013, the Bank's chartered capital was VND23,174,170,760,000. The face value per share is VND10,000.

	31/12/2013		31/12/2012	
	Number of shares	%	Number of shares	%
Shares owned by the State of Vietnam	1,787,023,116	77.10%	1,787,023,116	77.10%
Shares owned by foreign strategic shareholder (Mizuho Corporate Bank Ltd., Japan)	347,612,562	15.00%	347,612,562	15.00%
Shares owned by other shareholders	182,781,398	7.90%	182,781,398	7.90%
	<b>2,317,417,076</b>	<b>100%</b>	<b>2,317,417,076</b>	<b>100%</b>

### (c) Location and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 31 December 2013, the Bank has one (1) Head Office, one (1) Operation Centre, one (1) Training Centre and seventy nine (79) branches nationwide, three (3) local subsidiaries, two (2) overseas subsidiaries, three (3) joint-ventures, two (2) associates and one (1) overseas representative office located in Singapore.

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

### (d) Subsidiaries, joint-ventures and associates

#### Subsidiaries

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

#### Joint-ventures

Joint-ventures	Operating Licence	Business sector	% direct shareholding by the Bank
Vietcombank - Bonday - Ben Thanh Company Limited	Operating Licence No. 2458/GP dated 7 February 2005 granted by the Ministry of Planning and Investment	Office leasing	52%
Vietcombank Fund Management Company	Investment Licence No. 06/UBCK-GPHDQLQ dated 2 December 2005 and Licence No. 76/GPDC-UBCK dated 3 August 2010 granted by the State Securities Commission	Investment fund management	51%
Vietcombank - Cardif Life Insurance Company Limited	Investment Licence No. 55/GP dated 23 October 2008 granted by the Ministry of Finance	Life insurance	45%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(FOR THE YEAR ENDED 31 DECEMBER 2013) Form B05/TCTD-HN  
(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the SBV)

### 1. Reporting entity (continued)

#### (d) Subsidiaries, joint-ventures and associates (continued)

##### Associates

<u>Associates</u>	<u>Operating Licence</u>	<u>Business sector</u>	<u>% direct shareholding by the Bank</u>
Vietcombank – Bunday Limited	Investment Licence No. 283/GP dated 5 December 1991 granted by the Department of Planning and Investment	Office leasing	16%
Vietcombank Partners Fund 1	Decision No. 02/UBCK-TLQTV dated 29 December 2005 granted by the State Securities Commission	Investment fund	11%

#### (e) Number of employees

As at 31 December 2013, Vietcombank has 13,864 employees (as at 31 December 2012: 13,637 employees).

## 2. Summary of significant accounting policies

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

### (a) Basis of financial statements preparation

The consolidated financial statements, presented in Vietnamese Dong ("VND") and rounded to the nearest million ("VND million"), have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and with the statutory requirements stipulated by the State Bank of Vietnam relevant to preparation and presentation of consolidated financial statements. The Bank also prepares the separate financial statements for the year ended 31 December 2013.

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

### (b) Fiscal year

Vietcombank's fiscal year is from 1 January to 31 December.

### (c) Foreign currency transactions

According to the Bank's accounting system, the Bank records all transactions in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are converted into VND at the

prevailing inter-bank exchange rates on the balance sheet date. Non-monetary foreign currency assets and liabilities are reported using the exchange rate effective on the date of the transaction. Income and expenses in foreign currencies are converted into VND in the consolidated income statement at the exchange rates on the dates of the transactions.

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

In order to prepare the consolidated financial statements, for the subsidiaries using the consolidation method and for the associates and joint-ventures using the equity method, whose accounting currencies are not VND, assets, liabilities and equity accounts of these companies are converted into VND at the inter-bank exchange rate on the consolidated balance sheet date, and the income statements are converted at the average exchange rate for the period. The exchange differences arising from the conversion are taken into equity in the consolidated balance sheet.

### (d) Consolidation

#### (i) Subsidiaries

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

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

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

#### (ii) Associates and joint-ventures

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(FOR THE YEAR ENDED 31 DECEMBER 2013) Form B05/TCTD-HN  
(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the SBV)

### 2. Summary of significant accounting policies (continued)

#### (e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the SBV, Treasury bills and other short-term valuable papers which are eligible for discounting with the SBV, balances with other credit institutions with original terms to maturity not exceeding three months from the original date of placement, securities with original maturity not exceeding three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

#### (f) Investments

##### (i) Trading securities

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

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

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

##### (ii) Investment securities

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

##### Available-for-sale investment securities

Available-for-sale investment securities are debt securities, equity securities or other securities, which are acquired for an indefinite period and may be sold at any time. Regarding equity securities, Vietcombank is neither a foundation shareholder nor a strategic partner; nor has impacts on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel in the board of directors/board of management.

##### Held-to-maturity investment securities

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

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

##### Special bonds issued by Vietnam Asset Management Company

Special bonds issued by Vietnam Asset Management Company ("VAMC") are fixed term valuable papers used to purchase bad debts of Vietcombank. The special bonds are initially recognized at face value at the date of transaction and subsequently carried at face value during the holding period. Face value of the bonds equals to the outstanding balance of the sold debt less their unused specific allowance.

During the holding period, Vietcombank annually calculates and makes allowance at the rate of no less than 20% of the face value of the special bonds. The allowance of special bonds is recognized in the consolidated income statement in "Net gain/loss from investment securities".

The special bonds issued by VAMC stated in the consolidated balance sheet are received bonds corresponding to the amount of debt sold to VAMC in November 2013. Currently, VAMC bonds held by Vietcombank are not due to make allowances.

##### (iii) Long-term investments

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

Other long-term investments include equity securities and other long-term capital contributions whose holding, withdrawing or paying term is more than 1 year (except for capital contributions, investments into joint-ventures and associates).

Other long-term investments are initially recognized at cost. They are subsequently measured at the lower of the carrying value and the market value.

The allowance for diminution in the value of long-term investments is made if the economic entity Vietcombank is investing in suffers a loss (except cases of losses anticipated in the business plans compiled before making investment) in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013. The level of allowance is the difference between the parties' actual capital contribution to economic entity and actual equity capital multiplied (x) by the ratio of investment capital of the enterprise to the parties' total actual capital contribution to economic entity.

#### (g) Loans and advances to customers

##### (i) Loans and advances to customers

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(FOR THE YEAR ENDED 31 DECEMBER 2013) Form B05/TCTD-HN  
(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the SBV)

### 2. Summary of significant accounting policies (continued)

#### (g) Loans and advances to customers (continued)

##### (ii) Specific allowance for credit risk

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

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

Vietcombank applies Article 7 of Decision 493 to classify loans and advances based on both qualitative and quantitative factors. This rating and classification methodology was approved to be effective from 1 January 2010 by the SBV in Official Letter No. 3937/NHNN-TTGSNH dated 27 March 2010.

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

##### (iii) General allowance for credit risk

Vietcombank is required to make and maintain a general allowance of 0.75% of total outstanding balance of loans and advances to customers which are classified into Group 1 to 4 at the date of the consolidated balance sheet.

##### (iv) Bad debts written-off

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

##### (v) Bad debts sold to Vietnam Asset Management Company

Vietcombank sold bad debts at their book value to VAMC in accordance with Decree No. 53/2013/ND-CP which was effective from 9 July 2013 on "Establishment, organization and operation of Vietnam Asset Management Company", Circular No. 19/2013/TT-NHNN which was effective from 15 September 2013 on "Purchase, sale and handling of bad debts of Vietnam Asset Management Company" and Official Letter No. 8499/NHNN-TCKT on "Guidance on accounting for bad debts purchase and sale between VAMC and credit institutions". Accordingly, the selling price is determined by the outstanding balance of a bad debt minus its unused specific allowance.

For the sale of bad debts in exchange for VAMC bonds, upon completing relevant procedures, Vietcombank will derecognize both the outstanding principal and allowance of the sold debt and recognize the face value of VAMC special bonds, which equals to the outstanding balance of the debt less its unused specific allowance. Upon receiving the bad debts back from VAMC, Vietcombank will use the allowance made annually for VAMC special bonds to write off such bad debts. Difference between the allowance made for VAMC bonds and the uncollected outstanding balance of debts/bonds will be recognized as "Other income" in the consolidated income statement.

##### (h) Provision for off-balance sheet commitments

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

In addition, Vietcombank is required to make a general provision of 0.75% of total outstanding letters of guarantee, letters of credit, and commitment of financing to customers which are classified into Group 1 to 4 as at the consolidated balance sheet date.

##### (i) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future (repos) are still recognized in the consolidated financial statements. The corresponding cash received from these agreements is recognized in the consolidated balance sheet as a liability. The difference between the sale price and repurchase price is amortized to the consolidated income statement over the life of the agreement using the straight-line method based on the interest rate stipulated in the contract.

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

##### (j) Tangible fixed assets

###### (i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the cost of dismantling and removing the asset and restoring the site on which it is located.

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC guiding the framework of management, use and depreciation of fixed assets. According to this Circular, assets shall be considered as fixed assets if they meet all of the following three criteria:

- It is certain to gain economic benefits in the future from the use of such assets;
- The useful life of assets is at least 1 year;
- Historical costs of the assets must be determinable in a reliable way, with a minimum value of VND30,000,000 (thirty million dong).



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### 2. Summary of significant accounting policies (continued)

#### (j) Tangible fixed assets (continued)

Expenditures incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the consolidated income statement for the year in which the costs are incurred. In case it can be clearly demonstrated that these expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard level of performance, the expenditures will be capitalized as an additional cost of tangible fixed assets.

#### (ii) Depreciation

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

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

#### (k) Intangible fixed assets

##### (i) Land use rights

According to Circular No. 45/2013/TT-BTC dated 23 April 2013 by the Ministry of Finance, effective from 10 June 2013, intangible fixed assets recognized as land use rights comprise:

- The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including term and non-term land use right);
- The right to use the leased land before the effective date of the Land Law 2003 but the rent has been paid for the leasing time or paid in advance for many years but the remaining paid land lease term is at least five years and granted with certificate of land use right by the competent authority.

The initial cost of land use rights is determined as the total amount paid to have the legal land use right plus (+) costs of site clearance, ground leveling, registration fee (excluding costs of construction on that land) or the value of land use right with contributed capital.

Land use rights not recognized as intangible assets comprise:

- Land use rights allocated by the State without land use fee;
- Land lease rent paid one time for the entire lease term (the land lease time after the effective date of the Land Law 2003 without certificate of land use right granted), the rent is amortized into the business costs by the number of lease year;
- Land lease rent paid annually, the rent is recorded into the business costs in the period in proportion to the rent annually paid.

According to Circular No. 45, intangible fixed assets which are long-term land use right with land use fee or receiving the legal long-term land use right are not amortized.

For the intangible fixed assets which are the value of land use right with term or the leased land use right, the time of depreciation is the time permitted for land use of enterprises.

##### (ii) Other intangible fixed assets

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

#### (l) Deposits from customers and certificates of deposits

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

#### (m) Valuable papers issued

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

#### (n) Provision for severance allowance

Under the Vietnamese Labor Code, when employees who have worked for the Bank and its subsidiaries in Vietnam for 12 months or more ("eligible employees") voluntarily terminate their labor contracts, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees' compensation at their termination.

Pursuant to the Law on Social Insurance, effective from 1 January 2009, the Bank, its subsidiaries in Vietnam and their employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the employees' basic salary or 20 times the general minimum salary level as specified by the Government from time to time, whichever is lower. With the implementation of the unemployment insurance scheme, severance allowance to be paid to eligible employees as of 31 December 2008 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

In accordance with Circular No. 180/2012/TT-BTC dated 24 October 2012, the Bank and its subsidiaries in Vietnam make provision for severance allowance and record as operating expenses in the period.

#### (o) Capital and reserves

##### (i) Ordinary shares

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

##### (ii) Share premium

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

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### 2. Summary of significant accounting policies (continued)

#### (o) Capital and reserves (continued)

##### (iii) Treasury shares

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

##### (iv) Reserves

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

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

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

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

Vietcombank Securities Company Limited sets up reserves in accordance with Circular No. 11/2000/TT-BTC issued by the Ministry of Finance on 1 February 2000 and Circular No. 210/2012/TT-BTC issued by the Ministry of Finance on 30 November 2012.

#### (p) Revenue and expenses

##### (i) Interest income and interest expenses

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

Interest expenses are recorded on an accrual basis.

##### (ii) Fees, commissions and dividend income

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

##### (iii) Dividends received in the form of shares

In accordance with the Circular No. 244/2009/TT-BTC dated 31 December 2009, effective from 1 January 2010, dividends and other receipts in the form of shares, amounts distributed in the form of shares coming from profits of joint stock companies, are not recorded in the consolidated financial statements but only recognized as an increase in the number of shares held by Vietcombank instead.

##### (iv) Uncollectible income

According to the Circular No. 05/2013/TT-BTC dated 9 January 2013, income receivables that are recognized as income but uncollectible at the due date are reversed as a reduction of income if the due date is within the same accounting period, or reversed as an expense if the due date is not within the accounting period, and must be monitored on the off-balance sheet for following-up on collection. When the income is collected, Vietcombank will record it as an operating income.

#### (q) Operating lease payments

##### (i) Lessee

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

##### (ii) Lessor

Vietcombank recognizes finance leased assets as receivables in the consolidated balance sheet at the net value of the investment defined in the lease contract. Receivables from finance leases are recognized as financial income from investments of capital and services for leasing assets. Installment income is amortized over the lease term using fixed interest rate over the net investment of the leased assets.

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

#### (r) Taxation

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

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

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

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



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### 2. Summary of significant accounting policies (continued)

#### (s) Related parties

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

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

#### (t) Segment reporting

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

#### (u) Off-balance sheet items

##### (i) Foreign exchange contracts

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

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

Swap contracts are commitments to settle in cash at a future date based on differences among specified exchange rates calculated on notional principal amount. Swap contracts are subsequently revaluated at the end date of the fiscal year.

##### (ii) Commitments and contingent liabilities

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

#### (v) Other receivables

Vietcombank has provided provision for overdue receivables in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Accordingly, receivables are subject to review for impairment based on overdue periods of the receivables or estimated loss arising from undue debts of which the indebted economic organizations fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or on trial by law enforcement bodies, are serving sentences or have deceased, etc.

Overdue period	Provision rate
From six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
From three (3) years and above	100%

#### (w) Offsetting

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

#### (x) Earnings per share

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

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

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

Financial assets of Vietcombank mainly include:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Financial liabilities of Vietcombank mainly include:

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

#### (a) Classification of financial assets and liabilities

For the disclosure purpose in the consolidated financial statements, Vietcombank appropriately classifies financial assets and financial liabilities in accordance with Circular No. 210/2009/TT-BTC.

Financial assets are classified as follows:

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

Financial liabilities are classified as follows:

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

#### (b) Recognition

Financial assets and financial liabilities are recognized on the consolidated balance sheet when, and only when, Vietcombank becomes a party to contractual provisions for the supply of those financial instruments. Vietcombank recognizes a financial asset or financial liability at the date the contract is effective (trade date accounting).

#### (c) Derecognition

A financial asset is derecognized when, and only when, Vietcombank's contractual rights to receive the cash flows from the financial asset are terminated, or the majority of the risks and rewards of ownership of the asset are transferred. A financial liability is derecognized when, and only when, the contractual obligation is settled (i.e. either discharged, cancelled, or expired).

#### (d) Measurement and disclosures of fair value

In accordance with Circular No. 210/2009/TT-BTC, Vietcombank has to disclose the fair value of financial

assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as presented in Note 38.

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

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

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

When an active market does not exist for a financial instrument, Vietcombank determines the fair value of that instrument using valuation techniques. The chosen valuation technique would make maximum use of market inputs, rely as little as possible on estimates specific to Vietcombank, incorporate all factors that market participants would consider when setting prices, and be consistent with accepted economic methodologies for pricing financial instruments. Inputs for valuation techniques reasonably reflect market expectations and measures of the risk-return factors inherent in the financial instrument.

In case there is not enough information to utilize valuation techniques, fair value of the financial instruments without quoted market prices are deemed not to have been reliably measured and therefore, not disclosed.

### 4. Cash on hand, gold, silver and gemstones

	31/12/2013 VND million	31/12/2012 VND million
Cash on hand in VND	4,568,696	4,067,957
Cash on hand in foreign currencies	1,487,868	1,552,520
Valuable papers in foreign currencies	3,109	6,830
	<b>6,059,673</b>	<b>5,627,307</b>

### 5. Balances with the State Bank of Vietnam

	31/12/2013 VND million	31/12/2012 VND million
Demand deposits in VND	5,393,551	7,203,569
Demand deposits in USD	19,450,081	8,528,526
	<b>24,843,632</b>	<b>15,732,095</b>

These deposits consist of a compulsory reserve ("CRR") for liquidity and current account.

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



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### 5. Balances with the State Bank of Vietnam (continued)

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

Type of deposits	31/12/2013	31/12/2012
Deposits in VND with terms of less than 12 months	3%	3%
Deposits in VND with terms of 12 months and above	1%	1%
Deposits in foreign currencies with terms of less than 12 months	8%	8%
Deposits in foreign currencies with terms of 12 months and above	6%	6%
Deposits from overseas credit institutions in foreign currencies	1%	1%

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

	31/12/2013	31/12/2012
Compulsory reserve in VND	1.2%	1.2%
Compulsory reserve in USD	0%	0%
Demand deposits in VND	0%	0%
Demand deposits in USD	0.05%	0.05%

### 6. Balances with and loans to other credit institutions

	31/12/2013 VND million	31/12/2012 VND million
<b>Balances with other credit institutions</b>		
Demand deposits in VND	13,521	25,622
Demand deposits in foreign currencies	29,934,538	24,300,838
Term deposits in VND	8,165,611	3,244,540
Term deposits in foreign currencies	45,697,136	32,938,084
	<b>83,810,806</b>	<b>60,509,084</b>
<b>Loans to other credit institutions</b>		
Loans in VND	7,550,511	5,320,515
Loans in foreign currencies	441,756	-
	<b>7,992,267</b>	<b>5,320,515</b>
Allowances for loans to other credit institutions	(66,024)	(116,873)
	<b>7,926,243</b>	<b>5,203,642</b>
	<b>91,737,049</b>	<b>65,712,726</b>

Allowances for loans to other credit institutions comprise of:

	31/12/2013 VND million	31/12/2012 VND million
General allowance	58,890	50,057
Specific allowance	7,134	66,816
<b>Closing balance</b>	<b>66,024</b>	<b>116,873</b>

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

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million
Opening balance	50,057	14,546
Allowance made during the year (see Note 30)	8,833	35,511
<b>Closing balance</b>	<b>58,890</b>	<b>50,057</b>

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

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million
Opening balance	66,816	-
Allowance made during the year (see Note 30)	318	66,816
Adjustment of the State Audit for the year 2012	(60,000)	-
<b>Closing balance</b>	<b>7,134</b>	<b>66,816</b>

### 7. Trading securities

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

	31/12/2013 VND million	31/12/2012 VND million
<b>Equity securities</b>	<b>188,598</b>	<b>11,569</b>
Listed	188,248	11,223
Unlisted	350	346
<b>Debt securities issued by local credit institutions</b>	<b>7,560</b>	<b>509,670</b>
Listed	-	509,670
Unlisted	7,560	-
	<b>196,158</b>	<b>521,239</b>
Allowance for diminution in value of trading securities	(888)	(363)
	<b>195,270</b>	<b>520,876</b>

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### 7. Trading securities (continued)

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

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million
Opening balance	363	7,741
Allowance made/(reversed) during the year	525	(7,378)
<b>Closing balance</b>	<b>888</b>	<b>363</b>

### 8. Loans and advances to customers

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Loans to local corporations and individuals	271,051,595	237,674,037
Discounted bills and valuable papers	1,580,513	1,957,783
Finance leases	1,612,200	1,346,346
Loans given to make payments on behalf of customers	52,624	17,822
Loans to foreign individuals and enterprises	17,277	43,224
Frozen loans	-	128,096
	<b>274,314,209</b>	<b>241,167,308</b>

Loan portfolio by loan group was as follows:

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Current	244,080,147	201,798,721
Special mentioned	22,758,702	33,572,647
Sub-standard	2,713,574	3,126,126
Doubtful	1,969,791	1,213,720
Loss	2,791,995	1,456,094
	<b>274,314,209</b>	<b>241,167,308</b>

Loan portfolio by term was as follows:

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Short-term	175,256,677	149,536,983
Medium-term	29,940,648	25,093,195
Long-term	69,116,884	66,537,130
	<b>274,314,209</b>	<b>241,167,308</b>

Loan portfolio by type of borrowers was as follows:

	31/12/2013 VND million	31/12/2012 VND million (Restated)
State-owned enterprises	77,642,359	58,557,802
Limited companies	60,459,488	48,660,496
Foreign invested enterprises	13,889,596	13,290,205
Co-operative and private companies	5,477,764	5,356,926
Individuals	37,258,614	28,783,709
Others	79,586,388	86,518,170
	<b>274,314,209</b>	<b>241,167,308</b>

Loan portfolio by industry sectors was as follows:

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Construction	15,392,873	14,083,060
Electricity, gas, water processing and supplying	17,178,394	20,371,596
Processing and manufacturing	93,963,131	85,210,848
Mining	17,966,150	14,759,335
Agriculture, forestry and aquaculture	6,172,905	4,765,988
Transportation, logistics and communication	10,217,873	12,396,866
Trading and services	80,800,074	53,528,805
Hospitality	7,139,014	6,025,950
Others	25,483,795	30,024,860
	<b>274,314,209</b>	<b>241,167,308</b>



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### 9. Allowance for loans and advances to customers

	31/12/2013 VND million	31/12/2012 VND million (Restated)
General allowance	1,917,731	1,734,506
Specific allowance	4,533,074	3,543,742
	<b>6,450,805</b>	<b>5,278,248</b>

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

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
Opening balance	1,734,506	1,464,435
Allowance made during the year (see Note 30)	181,406	270,071
Foreign exchange difference	1,819	-
<b>Closing balance</b>	<b>1,917,731</b>	<b>1,734,506</b>

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

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
Opening balance	3,543,742	3,863,719
Allowance made during the year (see Note 30)	3,271,688	3,258,449
Allowance utilized for writing off bad debt	(2,126,304)	(3,578,426)
Allowance utilized for bad debts sold to VAMC	(254,412)	-
Adjustment of the State Audit for the year 2012	98,076	-
Foreign exchange difference	284	-
<b>Closing balance</b>	<b>4,533,074</b>	<b>3,543,742</b>

### 10. Investment securities

#### (a) Available-for-sale securities

	31/12/2013 VND million	31/12/2012 VND million
<b>Debt securities</b>		
Government bonds	18,475,968	15,722,521
Treasury bills	18,407,653	42,907,290
Securities issued by local credit institutions	9,410,742	13,927,565
Securities issued by local economic entities	660,000	1,158,380
<b>Equity securities</b>		
Securities issued by local credit institutions	43,571	87,945
Securities issued by local economic entities	129,275	141,494
	<b>47,127,209</b>	<b>73,945,195</b>
Allowance for diminution in value of available-for-sale securities	(23,417)	(261,204)
	<b>47,103,792</b>	<b>73,683,991</b>

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

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million
Opening balance	261,204	305,911
Allowance reversed during the year (see Note 26)	(37,787)	(44,707)
Allowance utilized during the year	(200,000)	-
<b>Closing balance</b>	<b>23,417</b>	<b>261,204</b>

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### 10. Investment securities (continued)

#### (b) Held-to-maturity securities

	31/12/2013 VND million	31/12/2012 VND million
Government bonds	12,589,023	3,823,990
Debt securities issued by local credit institutions	947,968	503,472
Investments trusted to local entities	569,168	515,711
Debt securities issued by local economic entities	3,254,674	-
	<b>17,360,833</b>	<b>4,843,173</b>
Allowance for diminution in value of investments trusted to local entities	(1,529)	(5,860)
	<b>17,359,304</b>	<b>4,837,313</b>

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

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million
Opening balance	5,860	15,231
Allowance reversed during the year (see Note 26)	(4,331)	(9,371)
Closing balance	<b>1,529</b>	<b>5,860</b>

### 11. Long-term investments

#### (a) Investments in joint-ventures

As at 31 December 2013

	Business sector	% share- holding	At cost VND million	Book value VND million
Vietcombank – Bonday – Ben Thanh Company Limited	Office leasing	52%	351,615	387,316
Vietcombank Fund Management Company	Investment fund management	51%	28,050	35,667
Vietcombank – Cardif Life Insurance Company Limited	Life insurance	45%	270,000	284,095
			<b>649,665</b>	<b>707,078</b>

As at 31 December 2012

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

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

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



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### 11. Long-term investments (continued)

#### (b) Investments in associates

As at 31 December 2013

	Business sector	% share-holding	At cost VND million	Book value VND million
Vietcombank - Bonday Limited	Office leasing	16%	11,110	10,303
Vietcombank Partners Fund 1	Investment fund	11%	6,600	4,683
			<b>17,710</b>	<b>14,986</b>

As at 31 December 2012

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

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

#### (c) Other long-term investments

As at 31 December 2013

	Business sector	% share-holding	VND million
Vietnam Export - Import Commercial Joint Stock Bank	Bank	8.19%	582,065
Saigon Bank for Industry and Trade	Bank	4.30%	123,452
Military Commercial Joint Stock Bank	Bank	9.59%	1,242,989
Orient Commercial Joint Stock Bank	Bank	5.06%	144,802
Small & Medium Enterprises Credit Guarantee Fund	Credit services	0.95%	1,864
SWIFT, MASTER and VISA	Card and settlement services	-	1,571
Petrolimex Insurance JSC	Insurance	10.04%	67,900
PV Drilling JSC	Drilling	0.21%	5,497

Gentraco JSC	Food services	3.76%	4,024
Nha Rong Insurance Company	Insurance	3.73%	12,540
PCB Investment Company	Credit information services	8.95%	7,962
Cement Financial JSC	Financial services	10.91%	70,950
Vietnam Infrastructure Development and Finance Investment JSC	Highway investment	1.97%	75,000
Viet Real Estate JSC	Real estate	11.00%	11,000
Smartlink Card	Card services	8.80%	4,400
			<b>2,356,016</b>
Allowance for diminution in the value of other long-term investments			(36,290)
			<b>2,319,726</b>

As at 31 December 2012

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

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

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million
Opening balance	37,238	207,926
Allowance reversed during the year (see Note 27)	(948)	(170,688)
<b>Closing balance</b>	<b>36,290</b>	<b>37,238</b>

### 12. Tangible fixed assets

	Premises	Office furniture, fittings and equipment	Motor Vehicles	Others	Total
	VND million	VND million	VND million	VND million	VND million
<b>Cost</b>					
Opening balance (Restated)	1,621,980	3,037,277	440,776	372,379	5,472,412
Additions	471,345	264,586	64,741	121,829	922,501
- Purchases	459,113	264,586	64,741	116,998	905,438
- Others	12,232	-	-	4,831	17,063
Decreases	(7,365)	(526,852)	(1,172)	(89,772)	(625,161)
- Disposal	(2,654)	(22,618)	(844)	(6,478)	(32,594)
- Reclassification in accordance with Circular No. 45/2013/TT-BTC	-	(500,132)	(300)	(80,932)	(581,364)
- Others	(4,711)	(4,102)	(28)	(2,362)	(11,203)
<b>Closing balance</b>	<b>2,085,960</b>	<b>2,775,011</b>	<b>504,345</b>	<b>404,436</b>	<b>5,769,752</b>
<b>Accumulated depreciation</b>					
Opening balance (Restated)	346,815	2,349,229	249,270	222,341	3,167,655
Additions	76,777	318,766	57,838	56,742	510,123
- Charges for the year	76,777	318,766	57,838	56,742	510,123
Decreases	(5,592)	(389,545)	(1,135)	(67,801)	(464,073)
- Disposal	(928)	(22,413)	(844)	(6,395)	(30,580)
- Reclassification in accordance with Circular No. 45/2013/TT-BTC	(1,537)	(363,674)	(263)	(59,705)	(425,179)
- Others	(3,127)	(3,458)	(28)	(1,701)	(8,314)
<b>Closing balance</b>	<b>418,000</b>	<b>2,278,450</b>	<b>305,973</b>	<b>211,282</b>	<b>3,213,705</b>
<b>Net book value</b>					
Opening balance (Restated)	1,275,165	688,048	191,506	150,038	2,304,757
<b>Closing balance</b>	<b>1,667,960</b>	<b>496,561</b>	<b>198,372</b>	<b>193,154</b>	<b>2,556,047</b>

### 13. Intangible fixed assets

	Land use rights VND million	Copyrights & patents VND million	Others VND million	Total VND million
<b>Cost</b>				
Opening balance	1,179,543	417,427	79,254	1,676,224
Additions	234,643	37,154	174	271,971
- Purchases	228,035	37,154	174	265,363
- Others	6,608	-	-	6,608
Decreases	-	(43)	(116)	(159)
<b>Closing balance</b>	<b>1,414,186</b>	<b>454,538</b>	<b>79,312</b>	<b>1,948,036</b>
<b>Accumulated amortization</b>				
Opening balance	16,241	240,473	63,931	320,645
Additions	8,026	89,775	70	97,871
- Charges for the year	6,806	89,775	70	96,651
- Others	1,220	-	-	1,220
Decreases	-	(43)	(76)	(119)
<b>Closing balance</b>	<b>24,267</b>	<b>330,205</b>	<b>63,925</b>	<b>418,397</b>
<b>Net book value</b>				
Opening balance	1,163,302	176,954	15,323	1,355,579
<b>Closing balance</b>	<b>1,389,919</b>	<b>124,333</b>	<b>15,387</b>	<b>1,529,639</b>

### 14. Other assets

#### (a) Receivables

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Internal receivables	481,091	325,861
External receivables (i)	1,617,052	1,240,494
	<b>2,098,143</b>	<b>1,566,355</b>



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### 14. Other assets (continued)

#### (a) Receivables (continued)

##### (i) External receivables

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Advances for purchase of fixed assets	160,084	234,157
Receivable from the State Budget in relation to the interest subsidy program	127,400	130,195
Advances for corporate income tax (see Note 33)	52	2,185
Advances for value added tax (see Note 33)	656	2,337
Advances for other taxes (see Note 33)	158	61
Construction in progress (*)	873,181	639,932
Other receivables	455,521	231,627
	<b>1,617,052</b>	<b>1,240,494</b>

##### (\*) Construction in progress

	31/12/2013 VND million	31/12/2012 VND million
Construction in progress	873,181	639,932
<i>In which, large constructions include:</i>		
Dong Nai Branch construction	109,738	-
Thang Long Branch construction	80,772	-
Bac Ninh Branch construction	56,599	45,152
Hai Phong Branch construction	56,440	42,230
Thanh Cong Branch construction	48,064	48,064
Quang Ninh Branch construction	45,453	35,834
Nha Trang Branch construction	39,198	-
Quang Binh Branch construction	35,009	-
Vung Tau Branch construction	22,455	16,858
Hai Duong Branch construction	22,126	21,577
Binh Thuan Branch construction	20,517	18,972
Tay Do Branch construction	17,379	17,711

North Ha Tinh Branch construction	10,182	10,181
Soc Trang Branch construction	-	74,429
Hung Yen Branch construction	-	49,759
Kien Giang Branch construction	-	28,188
Binh Duong Branch construction	-	14,636
Gia Lai Branch construction	-	10,201
Xuan An Branch construction	-	10,181

#### (b) Accrued interest and fee receivables

	31/12/2013 VND million	31/12/2012 VND million (Restated)
From loans and advances to customers	1,084,948	1,019,070
From balances with and loans to other credit institutions	266,804	304,060
From investment securities	2,220,032	2,013,818
From derivative transactions	77,551	92,097
	<b>3,649,335</b>	<b>3,429,045</b>

#### (c) Other assets

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Prepaid expenses for office and fixed assets rental	125,321	156,285
Materials	58,798	53,582
Receivables relating to card transactions	317,688	399,116
Other assets	315,529	199,442
	<b>817,336</b>	<b>808,425</b>

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

	31/12/2013 VND million	31/12/2012 VND million
<b>Borrowings from the SBV</b>	<b>527,744</b>	<b>375,229</b>
Borrowings on the basis of credit profiles	98,788	-
Other borrowings	428,956	375,229
<b>Others</b>	<b>32,094,667</b>	<b>24,431,204</b>
Deposits from the State Treasury	24,887,071	23,695,375
Deposits from the SBV	7,207,596	735,829
	<b>32,622,411</b>	<b>24,806,433</b>

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### 16. Deposits and borrowings from other credit institutions

	31/12/2013 VND million	31/12/2012 VND million
<b>Deposits</b>	<b>31,181,723</b>	<b>16,963,858</b>
Demand deposits in VND	2,025,030	1,880,690
Demand deposits in foreign currencies	28,606,651	15,062,028
Term deposits in VND	550,042	-
Term deposits in foreign currencies	-	21,140
<b>Borrowings</b>	<b>12,862,566</b>	<b>17,102,494</b>
Borrowings in VND	7,393,206	4,060,000
Borrowings in foreign currencies	5,469,360	13,042,494
	<b>44,044,289</b>	<b>34,066,352</b>

### 17. Deposits from customers

	31/12/2013 VND million	31/12/2012 VND million (Restated)
<b>Demand deposits</b>	<b>85,498,939</b>	<b>68,086,608</b>
Demand deposits in VND	58,008,590	45,945,077
Demand deposits in gold, foreign currencies	27,490,349	22,141,531
<b>Term deposits</b>	<b>241,445,096</b>	<b>214,121,778</b>
Term deposits in VND	185,868,648	164,554,989
Term deposits in gold, foreign currencies	55,576,448	49,566,789
<b>Deposits for specific purposes</b>	<b>4,352,091</b>	<b>2,252,301</b>
<b>Margin deposits</b>	<b>949,472</b>	<b>921,035</b>
	<b>332,245,598</b>	<b>285,381,722</b>

Deposits from customers by type of customers were as follows:

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Economic entities	159,103,872	123,301,785
Individuals	173,141,726	162,079,937
	<b>332,245,598</b>	<b>285,381,722</b>

### 18. Derivatives and other financial assets/liabilities

	31/12/2013		31/12/2012	
	Contract notional value VND million	Book value VND million	Contract notional value VND million	Book value VND million
<b>Derivatives</b>				
Currency swap contracts	9,302,023	58,983	11,506,397	30,749
Forward contracts	10,817,048	77,742	17,968,332	(36,210)
<b>Other financial assets/liabilities</b>	<b>20,119,071</b>	<b>136,725</b>	<b>29,474,729</b>	<b>(5,461)</b>

### 19. Valuable papers issued

	31/12/2013 VND million	31/12/2012 VND million
<b>Certificates of deposits</b>	<b>12,227</b>	<b>20,329</b>
Short-term in foreign currencies	201	283
Medium-term in VND	1,161	2,805
Medium-term in foreign currencies	10,865	17,241
<b>Bonds and bills</b>	<b>2,001,370</b>	<b>2,007,238</b>
Short-term in VND	167	232
Short-term in foreign currencies	139	716
Medium-term in VND	2,001,052	2,006,278
Medium-term in foreign currencies	12	12
	<b>2,013,597</b>	<b>2,027,567</b>

### 20. Other liabilities

#### (a) Accrued interest and fee payables

	31/12/2013 VND million	31/12/2012 VND million
For deposits from customers	4,093,563	3,134,230
For deposits and borrowings from other credit institutions	249,746	268,475
For valuable papers issued	2,630	2,630
For derivative transactions	48,184	49,555
	<b>4,394,123</b>	<b>3,454,890</b>



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### 20. Other liabilities (continued)

#### (b) Other liabilities

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Internal payables (i)	1,952,144	1,651,780
External payables (ii)	8,540,595	20,771,462
	<b>10,492,739</b>	<b>22,423,242</b>

#### (i) Internal payables

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Payables to employees	1,006,322	764,080
Bonus and welfare funds	784,207	770,476
Other liabilities	161,615	117,224
	<b>1,952,144</b>	<b>1,651,780</b>

#### (ii) External payables

	31/12/2013 VND million	31/12/2012 VND million (Restated)
Tax payables	299,561	313,954
- Corporate income tax payables (see Note 33)	253,470	216,918
- Value added tax payables (see Note 33)	17,924	53,983
- Other tax payables (see Note 33)	28,167	43,053
Interest income received in advance pending for allocation	172,215	590,597
Payables for construction and acquisition of fixed assets	466,751	427,006
Payables for securities investors	23,706	18,191
Deposit in custody relating to pending payments	179,291	200,088
Other payables to customers	212,834	866,972
Other pending items in settlement	68,268	63,315
Other payables to the State relating to interest subsidy program	64,487	63,549
Placement of investors for securities transactions	779,555	388,991
Fund received from other entities	6,000,000	17,500,000
Other payables	273,927	338,799
	<b>8,540,595</b>	<b>20,771,462</b>

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

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
Opening balance	570,278	897,915
Provision made/(reversed) during the year (see Note 30)	57,972	(327,637)
<b>Closing balance</b>	<b>628,250</b>	<b>570,278</b>

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### 21. Capital and reserves

#### (a) Statement of changes in equity

				Reserves				Asset revaluation difference	Foreign exchange difference	Retained profits	Total
	Chartered capital	Share premium	Other capital	Supplement capital	Financial risk	Investment and development fund	Total				
	VND million	VND million	VND million	VND million	VND million	VND million	VND million				
<b>Balance as at 1/1/2013 (Restated)</b>	<b>23,174,171</b>	<b>9,201,397</b>	<b>45,160</b>	<b>895,598</b>	<b>1,830,233</b>	<b>68,049</b>	<b>2,793,880</b>	<b>121,228</b>	<b>72,800</b>	<b>6,138,214</b>	<b>41,546,850</b>
Net profit for the year	-	-	-	-	-	-	-	-	-	4,358,052	4,358,052
Reserves additionally appropriated for 2012 under General Shareholders Meeting's resolution	-	-	-	6,074	13,892	2,612	22,578	-	-	(40,982)	(18,404)
Reserved temporarily appropriated from retained profit of 2013	-	-	-	219,100	434,653	-	653,753	-	-	(1,346,228)	(692,475)
Exchange rate difference	-	-	-	-	-	-	-	2,738	-	-	2,738
Audit adjustment of joint-ventures and associates for the year 2012	-	-	-	-	-	-	-	-	-	3,263	3,263
Gain from asset revaluation	-	-	-	-	-	-	-	-	9,506	-	9,506
Utilization during the year	-	-	-	-	(1,659)	-	(1,659)	-	-	-	(1,659)
Dividends paid during the year	-	-	-	-	-	-	-	-	-	(2,780,901)	(2,780,901)
Adjustment of the State Audit for the year 2012 on consolidation of financial statements	-	-	-	-	-	-	-	-	-	(38,076)	(38,076)
Other decreases	-	-	-	-	-	-	-	(113)	-	(2,716)	(2,829)
<b>Balance as at 31/12/2013</b>	<b>23,174,171</b>	<b>9,201,397</b>	<b>45,160</b>	<b>1,120,772</b>	<b>2,277,119</b>	<b>70,661</b>	<b>3,468,552</b>	<b>123,853</b>	<b>82,306</b>	<b>6,290,626</b>	<b>42,386,065</b>



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### 21. Capital and reserves (continued)

#### (b) Details of shareholders of the Bank

	31/12/2013 VND million	31/12/2012 VND million
<b>Ordinary shares</b>		
The State of Vietnam	17,870,231	17,870,231
Foreign strategic shareholder (Mizuho Corporate Bank Ltd., Japan)	3,476,126	3,476,126
Other shareholders	1,827,814	1,827,814
	<b>23,174,171</b>	<b>23,174,171</b>

The Bank's authorized and issued share capital is:

	31/12/2013		31/12/2012	
	Number of shares	VND million	Number of shares	VND million
<b>Authorized share capital</b>	<b>2,317,417,076</b>	<b>23,174,171</b>	<b>2,317,417,076</b>	<b>23,174,171</b>
<b>Issued share capital</b>				
Ordinary shares	2,317,417,076	23,174,171	2,317,417,076	23,174,171
<b>Shares outstanding</b>				
Ordinary shares	2,317,417,076	23,174,171	2,317,417,076	23,174,171

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

#### (c) Basic earnings per share

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

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
Net profit after tax	4,358,052	4,397,493
Appropriation to bonus and welfare funds	(692,475)	(648,540)
<b>Profit attributable to the ordinary shareholders</b>	<b>3,665,577</b>	<b>3,748,953</b>

##### (ii) Weighted average number of ordinary shares

	Year ended 31/12/2013	Year ended 31/12/2012
Shares issued as at 31/12/2012	2,317,417,076	1,969,804,514
Shares issued as at 31/12/2013	-	2,317,417,076
<b>Weighted average number of ordinary shares</b>	<b>2,317,417,076</b>	<b>2,309,798,171</b>

##### (iii) Basic earnings per share

	Year ended 31/12/2013 VND	Year ended 31/12/2012 VND (Restated)
<b>Basic earnings per share</b>	<b>1,582</b>	<b>1,623</b>

### 22. Interest and similar income

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
Interest income from loans and advances to customers	22,020,316	26,672,867
Interest income from balances with other credit institutions	584,651	777,758
Interest income from trading and investment debt securities	5,512,189	4,072,515
- Interest income from investment securities	5,512,189	4,072,515
Interest income from finance lease	169,462	193,897
Other income from credit activities	12,053	16,958
	<b>28,298,671</b>	<b>31,733,995</b>

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### 23. Interest and similar expenses

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
Interest expenses on deposits	(15,933,892)	(17,619,055)
Interest expenses on borrowings	(1,249,127)	(2,904,218)
Interest expenses on valuable papers issued	(240,083)	(241,755)
Others expenses on credit activities	(93,167)	(27,915)
	<b>(17,516,269)</b>	<b>(20,792,943)</b>

### 24. Net fee and commission income

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
<b>Fee and commission income</b>		
Settlement services	1,445,324	1,176,859
Cash services	142,720	122,412
Guarantee services	291,117	204,837
Trusted and agency activities	2,188	2,384
Other services	863,822	729,206
	<b>2,745,171</b>	<b>2,235,698</b>
<b>Fee and commission expenses</b>		
Settlement services	(838,905)	(677,293)
Cash services	(25,218)	(13,141)
Telecommunication services	(57,041)	(50,831)
Trusted and agency activities	(1,794)	(1,176)
Other services	(202,842)	(119,498)
	<b>(1,125,800)</b>	<b>(861,939)</b>
	<b>1,619,371</b>	<b>1,373,759</b>

### 25. Net gain from trading foreign currencies

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million
<b>Gains from trading gold, foreign currencies</b>		
From foreign currencies spot trading	3,052,898	2,855,304
From currency derivatives	283,942	500,330
From gold trading	-	65,437
From foreign exchange rate differences	474,360	811
	<b>3,811,200</b>	<b>3,421,882</b>
<b>Losses from trading foreign currencies</b>		
From foreign currencies spot trading	(1,201,607)	(1,299,385)
From currency derivatives	(1,181,486)	(449,987)
From foreign exchange rate differences	(1,248)	(184,759)
	<b>(2,384,341)</b>	<b>(1,934,131)</b>
	<b>1,426,859</b>	<b>1,487,751</b>

### 26. Net gain from investment securities

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million
Income from trading of investment securities	171,468	160,371
Cost of trading of investment securities	(53,125)	(6,818)
Allowance for diminution in the value of available-for-sale securities reversed during the year (see Note 10(a))	37,787	44,707
Allowance for diminution in the value of held-to-maturity securities reversed during the year (see Note 10(b))	4,331	9,371
	<b>160,461</b>	<b>207,631</b>

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### 27. Net other income

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million
<b>Other income</b>		
Income from interest rate swap transactions	-	1,238
Income from loans previously written off	862,686	369,844
Income from allowance reversed for diminution in the value of other long-term investments (see Note 11(c))	948	170,688
Income from other activities	163,945	115,483
	<b>1,027,579</b>	<b>657,253</b>
<b>Other expenses</b>		
Expenses from interest rate swap transactions	(68,613)	(101,379)
Other expenses	(24,681)	(30,776)
	<b>(93,294)</b>	<b>(132,155)</b>
	<b>934,285</b>	<b>525,098</b>

### 28. Net income from investments in associates and joint-ventures

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million
Dividends received from equity investments during the year	282,644	384,574
- Dividends received from equity securities	281,679	384,502
- Dividends received from trading securities	965	72
Share of net (loss)/profit of investments in joint-ventures and associates upon consolidation	(14,624)	12,956
Income from other activities	-	71,053
Income from disposal of equity investments	293,784	-
	<b>561,804</b>	<b>468,583</b>

### 29. Operating expenses

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
Tax, duties and fees	(210,159)	(184,223)
Salaries and related expenses	(3,308,221)	(3,352,544)
<i>Of which:</i>		
- Salary and allowance	(2,873,108)	(2,717,655)
- Additional expenses based on salary	(193,201)	(422,896)
- Other allowances	(885)	(331)
- Social activities expenses	(185,044)	(208,322)
Expenses on assets	(1,322,243)	(1,258,141)
<i>Of which:</i>		
- Depreciation of fixed assets	(606,774)	(577,314)
Administrative expenses	(1,204,621)	(1,055,481)
Insurance expenses on deposit of customers	(187,816)	(136,281)
Others	(11,001)	(26,438)
	<b>(6,244,061)</b>	<b>(6,013,108)</b>

### 30. Provisions and allowances for credit losses

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
<b>General allowance for loans to other credit institutions</b>		
(Made) during the year (see Note 6)	(8,833)	(35,511)
<b>Specific allowance for loans to other credit institutions</b>		
(Made) during the year (see Note 6)	(318)	(66,816)
<b>General allowance for loans and advances to customers</b>		
(Made) during the year (see Note 9)	(181,406)	(270,071)
<b>Specific allowance for loans and advances to customers</b>		
(Made) during the year (see Note 9)	(3,271,688)	(3,258,449)
<b>Provision for contingent liabilities and off-balance sheet commitments</b>		
(Made)/Reversed during the year (see Note 20(c))	(57,972)	327,637
	<b>(3,520,217)</b>	<b>(3,303,210)</b>



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### 31. Corporate income tax

	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million (Restated)
<b>Profit before tax</b>	<b>5,743,076</b>	<b>5,764,298</b>
<i>Adjustments:</i>		
Subsidiaries' taxable income	(209,187)	(228,438)
Dividend received in the year (see Note 28)	(282,644)	(384,574)
Net gain from investments in joint-ventures and associates (see Note 28)	14,624	(12,956)
Non-deductible expenses come from consolidation	(3,849)	(40,269)
Non-deductible tax expenses	3,333	30,866
Adjustment of corporate income tax for years from 2008 to 2012 under Tax finalization minute of Vietcombank Securities Company Limited ("VCBS")	(26,464)	-
<b>Taxable income</b>	<b>5,238,889</b>	<b>5,128,927</b>
Effective corporate income tax rate	25%	25%
Estimated corporate income tax of the Bank (tax rate: 25%)	(1,309,722)	(1,282,232)
Estimated corporate income tax of subsidiaries (tax rate: 25%)	(55,078)	(59,644)
Estimated corporate income tax of subsidiaries (tax rate: 16.5%)	(694)	(1,429)
<b>Corporate income tax expenses</b>	<b>(1,365,494)</b>	<b>(1,343,305)</b>
Additional corporate income tax under Tax finalization minute of VCBS	(5,052)	-
Adjustments of previous years' accounting entries of VCBS	790	-
<b>Current corporate income tax payables occurred during the year</b>	<b>(1,369,756)</b>	<b>(1,343,305)</b>

### 32. Cash and cash equivalents

	31/12/2013 VND million	31/12/2012 VND million
Cash on hand, gold, silver and gemstones	6,059,673	5,627,307
Balances with the State Bank of Vietnam	24,843,632	15,732,095
Balances with and loans to other credit institutions due within three months	86,970,148	60,663,590
Trading securities	196,158	521,239
Investment securities due within three months	19,070,351	38,163,616
	<b>137,139,962</b>	<b>120,707,847</b>

### 33. Obligations to State Budget

	Balance as at 1/1/2013 VND million (Restated)	Occurrence		Balance as at 31/12/2013		
		Payable	Paid	Payable	Advances	Total
Value added tax	51,646	219,684	254,062	17,924	(656)	17,268
Current corporate income tax	215,494	1,369,756	1,331,832	253,470	(52)	253,418
<i>Of which:</i>						
- Corporate income tax of the Bank	215,546	1,369,756	1,331,832	253,470	-	253,470
- Vinafico's tax obligation in the year 2008 paid to State Budget	(52)	-	-	-	(52)	(52)
Deferred corporate income tax	53,607	4,249	40,523	17,333	-	17,333
Other taxes	42,994	385,978	400,963	28,167	(158)	28,009
	<b>363,741</b>	<b>1,979,667</b>	<b>2,027,380</b>	<b>316,894</b>	<b>(866)</b>	<b>316,028</b>

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### 34. Employee benefits

	Year ended 31/12/2013	Year ended 31/12/2012 (Restated)
<b>Total number of employees (person)</b>	13,864	13,637
<b>Employees' income</b>		
Total salary and allowance (VND million) (see Note 29)	2,873,108	2,717,655
<b>Monthly average income (VND million)</b>	<b>17.27</b>	<b>16.61</b>

### 35. Contingent liabilities and other commitments

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

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

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

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

Deferred payment letters of credits represent the amounts at risk should the contract be fully drawn upon and the client defaults in repayment to the beneficiary. Deferred payment letters of credit that were defaulted by clients are recognized by Vietcombank as granting of a compulsory loan with a corresponding liability representing the financial obligation of Vietcombank to pay the beneficiaries and to fulfill the guarantor obligation.

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

### 36. Significant transactions and balances with related parties

#### (a) Significant transactions with related parties

	Relationship	Year ended 31/12/2013 VND million	Year ended 31/12/2012 VND million
<b>The State Bank of Vietnam</b>			
Interest income from deposits with the SBV	Management	69,674	56,693
Interest expenses on deposits and borrowings from the SBV		53,183	200,863
<b>The Ministry of Finance ("the MoF")</b>			
Interest income from loans to the MoF		61,850	120,998
Interest expenses on deposits from the MoF	Management	32,208	39,056
Interest expenses on borrowings from the MoF		7,851	682

#### (b) Significant balances with related parties

	Relationship	31/12/2013 VND million	31/12/2012 VND million
<b>The State Bank of Vietnam</b>			
Deposits with the SBV	Management	24,843,635	15,732,095
Deposits and borrowings from the SBV		7,735,340	1,111,058
<b>The Ministry of Finance</b>			
Loans to MoF		1,454,388	2,180,529
Deposits from MoF	Management	24,887,071	23,695,375
Borrowings from MoF		219,745	37,781
<b>Vietcombank Fund Management Joint Venture Company</b>			
Trusted investments to VCB Fund	Joint-venture	569,168	515,711

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### 37. Segment reporting

#### (a) Geographical segment

	The North	The Middle and Tay Nguyen	The South	Overseas	Elimination	Total
	VND million	VND million	VND million	VND million	VND million	VND million
1 Interest and similar income	49,108,126	8,146,171	24,168,988	12,468	(53,137,082)	28,298,671
2 Interest and similar expenses	(43,956,856)	(6,972,582)	(19,722,418)	(1,495)	53,137,082	(17,516,269)
<b>I Net interest income</b>	<b>5,151,270</b>	<b>1,173,589</b>	<b>4,446,570</b>	<b>10,973</b>	<b>-</b>	<b>10,782,402</b>
3 Fee and commission income	1,795,197	189,588	849,541	10,405	(99,560)	2,745,171
4 Fee and commission expenses	(1,070,144)	(13,237)	(40,185)	(3,104)	870	(1,125,800)
<b>II Net fee and commission income</b>	<b>725,053</b>	<b>176,351</b>	<b>809,356</b>	<b>7,301</b>	<b>(98,690)</b>	<b>1,619,371</b>
<b>III Net gain/(loss) from trading foreign currencies</b>	<b>1,140,315</b>	<b>57,873</b>	<b>228,678</b>	<b>(7)</b>	<b>-</b>	<b>1,426,859</b>
<b>IV Net gain from trading securities</b>	<b>22,172</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,172</b>
<b>V Net gain from investment securities</b>	<b>160,461</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,461</b>
5 Other income	511,661	183,501	331,574	843	-	1,027,579
6 Other expenses	(87,004)	(390)	(1,969)	(3,931)	-	(93,294)
<b>VI Net other income/(expenses)</b>	<b>424,657</b>	<b>183,111</b>	<b>329,605</b>	<b>(3,088)</b>	<b>-</b>	<b>934,285</b>
<b>VII Net income from investments in associates and joint-ventures</b>	<b>561,804</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>561,804</b>
<b>VIII Total operating expenses</b>	<b>(3,596,117)</b>	<b>(786,716)</b>	<b>(1,932,125)</b>	<b>(27,793)</b>	<b>98,690</b>	<b>(6,244,061)</b>
<b>IX Net profit before provisions and allowances for credit losses</b>	<b>4,589,615</b>	<b>804,208</b>	<b>3,882,084</b>	<b>(12,614)</b>	<b>-</b>	<b>9,263,293</b>
<b>X Provisions and allowances for credit losses</b>	<b>(1,181,888)</b>	<b>(517,709)</b>	<b>(1,820,883)</b>	<b>263</b>	<b>-</b>	<b>(3,520,217)</b>
<b>XI Profit before tax</b>	<b>3,407,727</b>	<b>286,499</b>	<b>2,061,201</b>	<b>(12,351)</b>	<b>-</b>	<b>5,743,076</b>
7 Current corporate income tax expenses	(777,875)	(71,625)	(515,300)	(694)	-	(1,365,494)
<b>XII Corporate income tax expenses</b>	<b>(777,875)</b>	<b>(71,625)</b>	<b>(515,300)</b>	<b>(694)</b>	<b>-</b>	<b>(1,365,494)</b>
<b>XIII Profit after tax</b>	<b>2,629,852</b>	<b>214,874</b>	<b>1,545,901</b>	<b>(13,045)</b>	<b>-</b>	<b>4,377,582</b>



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### 37. Segment reporting (continued)

#### (b) Business segment

	Banking services	Non-bank financial services	Securities	Others	Elimination	Total
	VND million	VND million	VND million	VND million	VND million	VND million
1 Interest and similar income	28,134,994	197,489	65,799	33,190	(132,801)	28,298,671
2 Interest and similar expenses	(17,563,865)	(83,298)	(1,907)	-	132,801	(17,516,269)
<b>I Net interest income</b>	<b>10,571,129</b>	<b>114,191</b>	<b>63,892</b>	<b>33,190</b>	<b>-</b>	<b>10,782,402</b>
3 Fee and commission income	2,567,527	5,423	148,014	123,767	(99,560)	2,745,171
4 Fee and commission expenses	(1,041,790)	(140)	(41,003)	(43,737)	870	(1,125,800)
<b>II Net fee and commission income</b>	<b>1,525,737</b>	<b>5,283</b>	<b>107,011</b>	<b>80,030</b>	<b>(98,690)</b>	<b>1,619,371</b>
<b>III Net gain from trading foreign currencies</b>	<b>1,426,558</b>	<b>301</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,426,859</b>
<b>IV Net gain from trading securities</b>	<b>9,348</b>	<b>-</b>	<b>12,824</b>	<b>-</b>	<b>-</b>	<b>22,172</b>
<b>V Net gain from investment securities</b>	<b>153,750</b>	<b>-</b>	<b>6,711</b>	<b>-</b>	<b>-</b>	<b>160,461</b>
5 Other income	1,015,901	10,092	907	679	-	1,027,579
6 Other expenses	(88,343)	(3,931)	(1,020)	-	-	(93,294)
<b>VI Net other income/(expenses)</b>	<b>927,558</b>	<b>6,161</b>	<b>(113)</b>	<b>679</b>	<b>-</b>	<b>934,285</b>
<b>VII Net income from investments in associates and joint-ventures</b>	<b>558,068</b>	<b>-</b>	<b>3,736</b>	<b>-</b>	<b>-</b>	<b>561,804</b>
<b>VIII Total operating expenses</b>	<b>(6,157,575)</b>	<b>(60,107)</b>	<b>(99,862)</b>	<b>(25,207)</b>	<b>98,690</b>	<b>(6,244,061)</b>
<b>IX Net profit before provisions and allowances for credit losses</b>	<b>9,014,573</b>	<b>65,829</b>	<b>94,199</b>	<b>88,692</b>	<b>-</b>	<b>9,263,293</b>
<b>X Provisions and allowances for credit losses</b>	<b>(3,471,680)</b>	<b>(48,537)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,520,217)</b>
<b>XI Profit before tax</b>	<b>5,542,893</b>	<b>17,292</b>	<b>94,199</b>	<b>88,692</b>	<b>-</b>	<b>5,743,076</b>
7 Current corporate income tax expenses	(1,309,723)	(13,308)	(16,313)	(26,150)	-	(1,365,494)
<b>XII Corporate income tax expenses</b>	<b>(1,309,723)</b>	<b>(13,308)</b>	<b>(16,313)</b>	<b>(26,150)</b>	<b>-</b>	<b>(1,365,494)</b>
<b>XIII Net profit after tax</b>	<b>4,233,170</b>	<b>3,984</b>	<b>77,886</b>	<b>62,542</b>	<b>-</b>	<b>4,377,582</b>

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### 38. Disclosure of financial instruments

#### (a) Disclosure of collaterals

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

#### (b) Disclosure of fair value

Circular No. 210/2009/TT-BTC requires Vietcombank to disclose the measurement method and related information of fair value of financial assets and financial liabilities for the purpose of comparing their book value and fair value.

Vietcombank uses the following method and assumption to estimate fair value: fair value of cash and cash equivalents is equivalent to the book value of these items since these instruments have short term.

The following table presents book value and fair value of Vietcombank's financial assets and liabilities as at 31 December 2013:

	Book value					Total of book value (gross) VND million	Fair value VND million
	Held for trading	Held-to maturity	Loans and receivables	Available-for-sale	Recognized at amortized cost		
	VND million	VND million	VND million	VND million	VND million		
<b>Financial assets</b>							
I Cash on hand, gold, silver and gemstones	6,059,673	-	-	-	-	6,059,673	6,059,673
II Balances with the State Bank of Vietnam	24,843,632	-	-	-	-	24,843,632	24,843,632
III Balances with and loans to other credit institutions	-	-	91,803,073	-	-	91,803,073	92,003,854
IV Trading securities	196,158	-	-	-	-	196,158	195,270
V Derivatives and other financial assets	136,725	-	-	-	-	136,725	136,725
VI Loans and advances to customers	-	-	274,314,209	-	-	274,314,209	(*)
VII Investment securities	-	17,360,833	-	47,127,209	-	64,488,042	66,683,128
VIII Long-term investments	-	-	-	2,356,016	-	2,356,016	2,319,727
XI Other financial assets	-	-	5,033,927	-	-	5,033,927	(*)
	<b>31,236,188</b>	<b>17,360,833</b>	<b>371,151,209</b>	<b>49,483,225</b>	<b>-</b>	<b>469,231,455</b>	
<b>Financial liabilities</b>							
I, II Deposits and borrowings from the SBV and other credit institutions	-	-	-	-	76,666,700	76,666,700	76,916,446
III Deposits from customers	-	-	-	-	332,245,598	332,245,598	(*)
VI Valuable papers issued	-	-	-	-	2,013,597	2,013,597	(*)
VII Other financial liabilities	-	-	-	-	11,722,264	11,722,264	(*)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>422,648,159</b>	<b>422,648,159</b>	

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

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### 38. Disclosure of financial instruments (continued)

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

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

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

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

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

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

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

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

#### (i) Credit risk

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

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

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

Vietcombank's maximum exposure amounts to credit risk as at 31 December 2013, excluding collaterals and credit risk mitigations as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired and fully made allowance	Total
	VND million	VND million	VND million	VND million
<b>Balances with and loans to other credit institutions – gross</b>	<b>90,601,753</b>	<b>-</b>	<b>1,201,320</b>	<b>91,803,073</b>
Balances with other credit institutions	83,810,806	-	-	83,810,806
Loans to other credit institutions	6,790,947	-	1,201,320	7,992,267
<b>Loans and advances to customers – gross</b>	<b>242,817,229</b>	<b>1,262,918</b>	<b>30,234,062</b>	<b>274,314,209</b>
<b>Investment securities – gross</b>	<b>64,291,529</b>	<b>-</b>	<b>196,513</b>	<b>64,488,042</b>
Available-for-sale securities	46,930,696	-	196,513	47,127,209
Held-to-maturity securities	17,360,833	-	-	17,360,833
<b>Other assets</b>	<b>6,567,707</b>	<b>-</b>	<b>-</b>	<b>6,567,707</b>
	<b>404,278,218</b>	<b>1,262,918</b>	<b>31,631,895</b>	<b>437,173,031</b>

Description and book value of collateral assets held by Vietcombank as at 31 December 2013 are as follows:

	VND million
Deposits	23,286,006
Valuable papers issued	5,385,537
Real estates	283,332,853
Others	114,466,483
	<b>426,470,879</b>



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### 38. Disclosure of financial instruments (continued)

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

##### (ii) Interest rate risk

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

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

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

- Cash, gold, silver and gemstones, long-term investments, and other assets (including fixed assets, investment properties and other assets) are classified as non-interest bearing items.

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

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### 38. Disclosure of financial instruments (continued)

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

##### (ii) *Interest rate risk* (continued)

The following table presents the interest rate adjustment terms of Vietcombank's assets and liabilities as at 31 December 2013:

	Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Assets</b>									
I Cash on hand, gold, silver and gemstones	-	6,059,673	-	-	-	-	-	-	6,059,673
II Balances with the State Bank of Vietnam	-	-	24,843,632	-	-	-	-	-	24,843,632
III Balances with and loans to other credit institutions – gross	-	-	84,002,624	1,475,552	6,107,897	33,000	184,000	-	91,803,073
IV Trading securities – gross	-	-	196,158	-	-	-	-	-	196,158
V Derivatives and other financial assets	-	136,725	-	-	-	-	-	-	136,725
VI Loans and advances to customers – gross	10,692,333	-	90,281,653	101,146,360	58,983,498	11,062,222	1,931,462	216,681	274,314,209
VII Investment securities – gross	-	172,846	14,711,433	4,411,904	4,717,984	6,474,741	29,064,107	4,935,027	64,488,042
VIII Long-term investment – gross	-	3,078,080	-	-	-	-	-	-	3,078,080
IX Fixed assets	-	4,085,686	-	-	-	-	-	-	4,085,686
XI Other assets – gross	-	6,567,707	-	-	-	-	-	-	6,567,707
<b>Total assets</b>	<b>10,692,333</b>	<b>20,100,717</b>	<b>214,035,500</b>	<b>107,033,816</b>	<b>69,809,379</b>	<b>17,569,963</b>	<b>31,179,569</b>	<b>5,151,708</b>	<b>475,572,985</b>
<b>Liabilities</b>									
I, II Deposits and borrowings from the SBV and other credit institutions	-	-	68,939,257	2,808,148	4,803,743	115,293	259	-	76,666,700
III Deposits from customers	-	14,136	187,049,366	82,572,671	32,218,243	24,488,383	5,901,442	1,357	332,245,598
VI Valuable papers issued	-	-	3,806	240	-	9,551	-	2,000,000	2,013,597
VII Other liabilities	-	9,532,445	-	2,500,000	3,500,000	-	-	-	15,532,445
<b>Total liabilities</b>	<b>-</b>	<b>9,546,581</b>	<b>255,992,429</b>	<b>87,881,059</b>	<b>40,521,986</b>	<b>24,613,227</b>	<b>5,901,701</b>	<b>2,001,357</b>	<b>426,458,340</b>
<b>Interest sensitivity gap</b>	<b>10,692,333</b>	<b>10,554,136</b>	<b>(41,956,929)</b>	<b>19,152,757</b>	<b>29,287,393</b>	<b>(7,043,264)</b>	<b>25,277,868</b>	<b>3,150,351</b>	<b>49,114,645</b>
<b>Cumulative interest sensitivity gap</b>	<b>10,692,333</b>	<b>21,246,469</b>	<b>(20,710,460)</b>	<b>(1,557,703)</b>	<b>27,729,690</b>	<b>20,686,426</b>	<b>45,964,294</b>	<b>49,114,645</b>	

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### 38. Disclosure of financial instruments (continued)

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

##### (iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam, with VND as its reporting currency. The Bank's two overseas subsidiaries have their local currencies as their reporting currencies. However, the value of these companies' assets is not significant to Vietcombank's total asset value. The major currency in which the Bank transacts is VND. Vietcombank's loans and advances to customers are mainly denominated in VND, USD and EUR. Some of Vietcombank's other assets are in currencies other than VND, USD and EUR. Vietcombank has set limits on positions by currency basing on its internal risk management system and relevant statutory requirements stipulated by the SBV. Currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

The following table presents Vietcombank's assets and liabilities denominated in foreign currencies that were translated into VND as at 31 December 2013:

	VND	USD	EUR	Other currencies	Total
	VND million	VND million	VND million	VND million	VND million
<b>Assets</b>					
I Cash on hand, gold, silver and gemstones	4,568,695	1,098,187	198,159	194,632	6,059,673
II Balances with the State Bank of Vietnam	5,393,551	19,450,081	-	-	24,843,632
III Balances with and loans to other credit institutions – gross	15,729,643	66,073,083	3,877,304	6,123,043	91,803,073
IV Trading securities – gross	196,158	-	-	-	196,158
V Derivatives and other financial assets	8,059,909	(16,911,139)	(90,665)	9,078,620	136,725
VI Loans and advances to customers – gross	210,103,528	63,407,998	785,407	17,276	274,314,209
VII Investment securities – gross	64,448,486	39,556	-	-	64,488,042
VIII Long-term investments – gross	3,078,080	-	-	-	3,078,080
IX Fixed assets	4,082,712	1,964	-	1,010	4,085,686
XI Other assets – gross	14,005,011	216,283	(8,748)	(7,644,839)	6,567,707
<b>Total assets</b>	<b>329,665,773</b>	<b>133,376,013</b>	<b>4,761,457</b>	<b>7,769,742</b>	<b>475,572,985</b>
<b>Liabilities</b>					
I, II Deposits and borrowings from the SBV and other credit institutions	10,575,960	58,300,927	2,307,214	5,482,599	76,666,700
III Deposits from customers	246,318,614	73,842,454	2,545,672	9,538,858	332,245,598
VI Valuable papers issued	2,002,379	11,037	181	-	2,013,597
VII Other liabilities	24,546,266	(9,317,621)	24,351	279,449	15,532,445
<b>Total liabilities</b>	<b>283,443,219</b>	<b>122,836,797</b>	<b>4,877,418</b>	<b>15,300,906</b>	<b>426,458,340</b>
<b>FX position on-balance sheet</b>	<b>46,222,554</b>	<b>10,539,216</b>	<b>(115,961)</b>	<b>(7,531,164)</b>	<b>49,114,645</b>



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### 38. Disclosure of financial instruments (continued)

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

##### (iv) Liquidity risk

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

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

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

- Balances with the SBV are considered as current accounts including the compulsory deposits;
- The maturity of investment securities is based on redemption dates of each securities established by the issuers of these financial instruments;
- The maturities of amounts due from other banks and loans and advances to customers are based on the contractual maturity date. The actual maturity sometimes varies from the original contractual term when the contract is extended;
- The maturity of equity investments is considered to be over 5 years as equity investments have no stated maturity; and
- Amounts due to other banks and deposits from customers are determined based on either the nature of the amount or their contractual agreements. For example, Vostro accounts and current accounts paid upon customers' demand are considered to be current, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

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### 38. Disclosure of financial instruments (continued)

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

#### (iv) *Liquidity risk (continued)*

The following table analyzes the remaining terms to maturity of Vietcombank's assets and liabilities as at 31 December 2013:

	Overdue over 3 months	Overdue up to 3 months	Not overdue					Total
			Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Assets</b>								
I Cash on hand, gold, silver and gemstones	-	-	6,059,673	-	-	-	-	6,059,673
II Balances with the State Bank of Vietnam	-	-	24,843,632	-	-	-	-	24,843,632
III Balances with and loans to other credit institutions – gross	-	-	83,470,611	3,499,537	368,314	4,337,611	127,000	91,803,073
IV Trading securities – gross	-	-	196,158	-	-	-	-	196,158
V Derivatives and other financial assets	-	-	-	136,725	-	-	-	136,725
VI Loans and advances to customers – gross	8,224,523	2,467,811	19,500,348	59,747,986	108,572,349	54,742,410	21,058,782	274,314,209
VII Investment securities – gross	-	-	14,658,447	4,411,904	11,192,724	29,289,941	4,935,026	64,488,042
VIII Long-term investments – gross	-	-	-	-	-	-	3,078,080	3,078,080
IX Fixed assets	-	-	-	-	-	-	4,085,686	4,085,686
XI Other assets – gross	-	-	14,752	6,552,955	-	-	-	6,567,707
<b>Total assets</b>	<b>8,224,523</b>	<b>2,467,811</b>	<b>148,743,621</b>	<b>74,349,107</b>	<b>120,133,387</b>	<b>88,369,962</b>	<b>33,284,574</b>	<b>475,572,985</b>
<b>Liabilities</b>								
I, II Deposits and borrowings from the SBV and other credit institutions	-	-	68,728,695	2,015,000	242,122	5,587,644	93,239	76,666,700
III Deposits from customers	-	-	119,723,831	105,003,957	83,625,133	14,918,977	8,973,700	332,245,598
VI Valuable papers issued	-	-	3,806	240	9,551	-	2,000,000	2,013,597
VII Other liabilities	-	-	34,506	11,997,939	3,500,000	-	-	15,532,445
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>188,490,838</b>	<b>119,017,136</b>	<b>87,376,806</b>	<b>20,506,621</b>	<b>11,066,939</b>	<b>426,458,340</b>
<b>Net liquidity gap</b>	<b>8,224,523</b>	<b>2,467,811</b>	<b>(39,747,217)</b>	<b>(44,668,029)</b>	<b>32,756,581</b>	<b>67,863,341</b>	<b>22,217,635</b>	<b>49,114,645</b>

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### 39. Restatement of prior year's financial statements

The financial statements for the fiscal year 2012 were restated in accordance with the State Audit Minute dated 24 December 2013 which was published by Vietcombank under the Official Letter No. 400/VCB.CBTT.TH&CDKT dated 24 February 2014. Detailed adjustments are presented as follows:

#### *Impacts on total assets*

	31/12/2012 Stated	Reclassification/ Adjustment	31/12/2012 Restated
	VND million	VND million	VND million
Cash on hand, gold, silver and gemstones	5,627,307	-	5,627,307
Balances with the State Bank of Vietnam	15,732,095	-	15,732,095
Balances with and loans to other credit institutions	65,712,726	-	65,712,726
Trading securities	520,876	-	520,876
Loans and advances to customers	235,869,977	19,083	235,889,060
Loans and advances to customers	241,162,675	4,633	241,167,308
Allowance for loans and advances to customers	(5,292,698)	14,450	(5,278,248)
Investment securities	78,521,304	-	78,521,304
Long-term investments	3,020,788	-	3,020,788
Fixed assets	3,659,582	754	3,660,336
Tangible fixed assets	2,304,003	754	2,304,757
Cost	5,471,618	794	5,472,412
Accumulated depreciation	(3,167,615)	(40)	(3,167,655)
Intangible fixed assets	1,355,579	-	1,355,579
Other assets	5,810,418	(6,593)	5,803,825
Receivables	1,566,149	206	1,566,355
Accrued interest and fee receivables	3,436,613	(7,568)	3,429,045
Other assets	807,656	769	808,425
Impacts on total assets	414,475,073	13,244	414,488,317

#### *Impacts on total liabilities and shareholders' equity:*

	31/12/2012 Stated	Reclassification/ Adjustment	31/12/2012 Restated
	VND million	VND million	VND million
<b>LIABILITIES</b>			
Amounts due to the Government and the State Bank of Vietnam	24,806,433	-	24,806,433
Deposits and borrowings from other credit institutions	34,066,352	-	34,066,352
Deposits from customers	284,414,568	967,154	285,381,722
Derivatives and other financial liabilities	5,461	-	5,461
Valuable papers issued	2,027,567	-	2,027,567
Other liabilities	27,449,714	(947,697)	26,502,017
Accrued interest and fee payables	3,454,890	-	3,454,890
Deferred tax liabilities	53,607	-	53,607
Other liabilities	23,364,269	(941,027)	22,423,242
Provision for contingent liabilities and off-balance sheet commitments	576,948	(6,670)	570,278
<b>TOTAL LIABILITIES</b>	<b>372,770,095</b>	<b>19,457</b>	<b>372,789,552</b>
<b>SHAREHOLDERS' EQUITY</b>			
Capital	32,420,728	-	32,420,728
Reserves	2,793,880	-	2,793,880
Foreign exchange differences	121,228	-	121,228
Asset revaluation differences	72,800	-	72,800
Retained profits	6,144,427	(6,213)	6,138,214
Impacts on Shareholders' equity	41,553,063	(6,213)	41,546,850
Minority interests	151,915	-	151,915
Impacts on total liabilities and shareholders' equity	414,475,073	13,244	414,488,317



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### 39. Restatement of prior year's financial statements (continued)

	31/12/2012 Stated	Reclassification/ Adjustment	31/12/2012 Restated
	VND million	VND million	VND million
Interest and similar income	31,746,997	(13,002)	31,733,995
Interest and similar expenses	(20,792,904)	(39)	(20,792,943)
<b>Net interest income</b>	<b>10,954,093</b>	<b>(13,041)</b>	<b>10,941,052</b>
Fee and commission income	2,250,538	(14,840)	2,235,698
Fee and commission expenses	(861,939)	-	(861,939)
<b>Net fee and commission income</b>	<b>1,388,599</b>	<b>(14,840)</b>	<b>1,373,759</b>
Net gain from trading foreign currencies	1,487,751	-	1,487,751
Net gain from trading securities	76,742	-	76,742
Net gain from investment securities	207,631	-	207,631
Net other income	525,098	-	525,098
Net income from investments in associates and joint-ventures	468,583	-	468,583
<b>TOTAL OPERATING INCOME</b>	<b>15,108,497</b>	<b>(27,881)</b>	<b>15,080,616</b>
Salaries and related expenses	(3,313,417)	972	(3,312,445)
Depreciation of fixed assets	(577,275)	(40)	(577,315)
Others	(2,124,944)	1,596	(2,123,348)
<b>TOTAL OPERATING EXPENSES</b>	<b>(6,015,636)</b>	<b>2,528</b>	<b>(6,013,108)</b>
<b>Net profit before provisions and allowances for credit losses</b>	<b>9,092,861</b>	<b>(25,353)</b>	<b>9,067,508</b>
Provisions and allowances for credit losses	(3,328,964)	25,754	(3,303,210)
<b>PROFIT BEFORE TAX</b>	<b>5,763,897</b>	<b>401</b>	<b>5,764,298</b>
Current corporate income tax expenses	(1,336,691)	(6,614)	(1,343,305)
<b>Corporate Income Tax expenses</b>	<b>(1,336,691)</b>	<b>(6,614)</b>	<b>(1,343,305)</b>
<b>PROFIT AFTER TAX</b>	<b>4,427,206</b>	<b>(6,213)</b>	<b>4,420,993</b>

### 40. Subsequent events

There has not been any other matter or circumstance that has arisen since the consolidated balance sheet date that has affected or may significantly affect the consolidated financial position of Vietcombank and the consolidated results of its operations as at 31 December 2013.

### 41. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Management on 20 March 2014.

Hanoi, 20 March 2014

Prepared by:

Approved by:

Ms. NGUYEN THI THU HUONG

Ms. PHUNG NGUYEN HAI YEN

Mr. NGUYEN DANH LUONG

Deputy Director of  
Accounting Policy Department

Chief Accountant

Deputy CEO