

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

Consolidated financial statements
for the year ended 31 December 2011

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

Banking Licence No. 138/GP-NHNN dated 23 May 2008 issued by the State Bank of Vietnam 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.

Business Registration Certificate No. 0100112437 dated 2 June 2008 issued by Department of Planning and Investment of Hanoi People's Committee was renewed for the first time on 6 September 2010 and for the seventh time on 10 January 2012.

Board of Directors

Mr. Nguyen Hoa Binh	Chairman	Appointed on 23 May 2008
Mr. Nguyen Phuoc Thanh	Member	Appointed on 23 May 2008
Ms. Le Thi Hoa	Member	Appointed on 23 May 2008
Ms. Nguyen Thi Tam	Member	Appointed on 23 May 2008
		Retired on 1 July 2011
Ms. Le Thi Kim Nga	Member	Appointed on 23 May 2008
Mr. Pham Huyen Anh	Member	Appointed on 20 May 2009

Board of Management

Mr. Nguyen Phuoc Thanh	General Director	Appointed on 23 May 2008
Ms. Nguyen Thu Ha	Deputy General Director	Appointed on 2 June 2008
Mr. Nguyen Van Tuan	Deputy General Director	Appointed on 2 June 2008
Mr. Dao Minh Tuan	Deputy General Director	Appointed on 2 June 2008
Mr. Pham Quang Dung	Deputy General Director	Appointed on 2 June 2008
Mr. Nguyen Danh Luong	Deputy General Director	Appointed on 1 August 2009
Mr. Dao Hao	Deputy General Director	Appointed on 1 August 2010
Mr. Pham Thanh Ha	Deputy General Director	Appointed on 1 August 2010

Chief Accountant	Ms. Nguyen Thi Hoa	Retired on 1 June 2011
	Ms. Phung Nguyen Hai Yen	Appointed on 16 June 2011

Legal representative	Mr. Nguyen Phuoc Thanh	General Director
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The Bank's Head Office	198 Tran Quang Khai Street Hoan Kiem District, Ha Noi, Vietnam
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The Bank's auditor	KPMG Limited
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The Socialist Republic of Vietnam

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INDEPENDENT AUDITORS' REPORT

To the Shareholders
Joint Stock Commercial Bank for Foreign Trade of Vietnam

Scope

We have audited the accompanying consolidated balance sheet of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") and its subsidiaries (collectively, "Vietcombank") as of 31 December 2011 and the related consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 15 March 2012 ("the consolidated financial statements"). The consolidated financial statements are the responsibility of the Bank's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

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

Audit opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Joint Stock Commercial Bank for Foreign Trade of Vietnam and its subsidiaries as of 31 December 2011 and of their consolidated results of operations and their consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements.

KPMG Limited
Vietnam
Investment Licence No. 011043000345
Audit report No. 2011KTo/VCB-KPMG/AC



Nguyễn Thủy Duong
CPA No. 0893/KTV
Deputy General Director

Nguyễn Minh Hieu
CPA No. N.1572/KTV

Hanoi, 15 March 2012

	Note	31/12/2011 VND million	31/12/2010 VND million (restated)
A ASSETS			
I Cash on hand, gold, silver, gemstones	3	5,393,766	5,232,743
II Balances with the State Bank of Vietnam	4	10,616,759	8,239,851
III Balances with and loans to other credit institutions	5	105,005,059	79,653,830
1 Balances with other credit institutions		71,822,547	79,499,786
2 Loans to other credit institutions		33,197,058	159,666
3 Allowance for loans to other credit institutions		(14,546)	(5,622)
IV Trading securities	6	817,631	7,181
1 Trading securities		825,372	10,830
2 Allowance for diminution in the value of trading securities		(7,741)	(3,649)
V Derivatives and other financial assets	17	-	34,686
VI Loans and advances to customers		204,089,479	171,241,318
1 Loans and advances to customers	7	209,417,633	176,813,906
2 Allowance for loans and advances to customers	8	(5,328,154)	(5,572,588)
VII Investment securities	9	29,456,514	32,811,215
1 Available-for-sale securities		26,027,134	22,780,947
2 Held-to-maturity securities		3,750,522	10,329,560
3 Allowance for diminution in the value of investment securities		(321,142)	(299,292)
VIII Long-term investments		2,618,418	3,955,000
1 Investments in joint-ventures	10(a)	646,292	1,563,346
2 Investments in associate companies	10(b)	18,693	22,965
3 Other long-term investments	10(c)	2,161,359	2,524,588
4 Allowance for diminution in the value of long-term investments	10(c)	(207,926)	(155,899)
IX Fixed assets		2,605,744	1,586,093
1 Tangible fixed assets	11	1,460,829	1,178,813
a Cost		4,190,184	3,539,302
b Accumulated depreciation		(2,729,355)	(2,360,489)
3 Intangible fixed assets	12	1,144,915	407,280
a Cost		1,386,884	606,920
b Accumulated amortisation		(241,969)	(199,640)
XI Other assets		6,118,909	4,859,421
1 Receivables	13(a)	2,318,052	1,920,236
2 Accrued interest and fees receivable	13(b)	3,378,930	2,358,165
3 Other assets	13(c)	421,927	581,020
TOTAL ASSETS		366,722,279	307,621,338

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai, Hoan Kiem District, Hanoi
Consolidated balance sheet as at 31 December 2011
(continued)

Form B02/TCTD-HN
(Issued in accordance with Decision
No. 16/2007/QĐ-NHNN dated 18 April 2007
of the Governor of the State Bank of Vietnam)

	Note	31/12/2011 VND million	31/12/2010 VND million (restated)
B			
LIABILITIES AND SHAREHOLDERS' EQUITY			
I			
Amounts due to the Government and the State Bank of Vietnam	14	38,866,234	10,076,936
II			
Deposits and borrowings from other credit institutions	15	47,962,375	59,535,634
1 Deposits from other credit institutions		22,725,480	53,950,694
2 Borrowings from other credit institutions		25,236,895	5,584,940
III			
Deposits from customers	16	227,016,854	204,755,949
IV			
Derivatives and other financial liabilities	17	11,474	-
V			
Other borrowed funds		-	20
VI			
Valuable papers issued	18	2,071,383	3,563,985
VII			
Other liabilities		22,012,029	8,832,053
1 Accrued interest and fees payables	19(a)	2,949,343	2,639,960
2 Deferred tax liabilities		6,789	2,088
3 Other liabilities	19(b)	18,157,982	5,180,804
4 Provision for contingent liabilities and off-balance sheet commitments	19(c)	897,915	1,009,201
TOTAL LIABILITIES		337,940,349	286,764,577
VIII			
Capital and reserves			
1 Capital		20,739,157	14,255,875
a Charter capital		19,698,045	13,223,715
b Share premium		995,952	987,000
c Other capital		45,160	45,160
2 Reserves		2,116,611	1,456,675
3 Foreign exchange differences		191,020	269,314
4 Asset revaluation difference		70,442	35,631
5 Retained profits		5,521,466	4,719,234
a Previous years' retained profits		2,676,183	1,645,856
b Current year's retained profits		2,845,283	3,073,378
TOTAL SHAREHOLDERS' EQUITY	20(a)	28,638,696	20,736,729
IX			
Minority interest		143,234	120,032
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		366,722,279	307,621,338

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

	Note	31/12/2011 VND million	31/12/2010 VND million (restated)
OFF-BALANCE SHEET ITEMS			
I	Contingent liabilities		
1	Lending guarantees	25,850	251
2	Letters of credit commitments	32,696,320	34,540,188
3	Other guarantees	15,384,088	15,601,352
II	Commitments		
1	Other commitments	4,825,942	1,100,805

Hanoi, 15 March 2011

Prepared by:

Nguyen Thi Thu Huong

Phung Nguyen Hai Yen

Deputy Head of Financial
and Accounting Policy Department

Chief Accountant

Approved by:

Nguyen Danh Luong

Deputy General Director

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai, Hoan Kiem District, Hanoi
Consolidated statement of income
for the year ended 31 December 2011

Form B03/TCTD-HN
(Issued in accordance with Decision
No. 16/2007/QĐ-NHNN dated 18 April 2007
of the Governor of the State Bank of Vietnam)

		Note	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
1	Interest and similar income	21	33,354,733	20,587,489
2	Interest and similar expenses	22	(20,933,053)	(12,392,225)
I	Net interest income		12,421,680	8,195,264
3	Fee and commission income	23	2,198,033	1,917,376
4	Fee and commission expenses	23	(688,300)	(502,130)
II	Net fee and commission income	23	1,509,733	1,415,246
III	Net gain from trading foreign currencies	24	1,179,584	561,680
IV	Net (loss)/gain from trading of trading securities	25	(5,896)	18,149
V	Net gain from sales of investment securities	26	24,012	268,381
5	Other income	27	355,489	724,852
6	Other expenses	27	(1,616,405)	(144,780)
VI	Net other (expenses)/income	27	(1,260,916)	580,072
VII	Income from investments in other entities	28	1,002,574	492,026
VIII	Operating expenses	29	(5,699,837)	(4,577,785)
IX	Profit before provisions and allowances for credit risks		9,170,934	6,953,033
X	Provisions and allowances for credit risks	30	(3,473,529)	(1,384,183)
XI	Profit before tax		5,697,405	5,568,850

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai, Hoan Kiem District, Hanoi
Consolidated statement of income
for the year ended 31 December 2011 (continued)

Form B03/TCTD-HN
(Issued in accordance with Decision
No. 16/2007/QĐ-NHNN dated 18 April 2007
of the Governor of the State Bank of Vietnam)

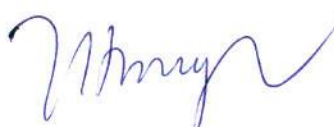
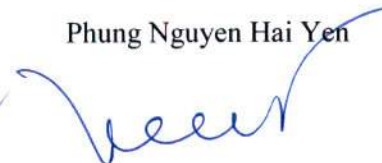
		Note	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
7	Income tax expense – current	31	(1,480,073)	(1,265,808)
XII	Total income tax expense		(1,480,073)	(1,265,808)
XIII	Net profit after tax		4,217,332	4,303,042
XIV	Net profit attributable to minority interest		(20,521)	(21,248)
XV	Net profit		4,196,811	4,281,794
XVI	Earnings per share (VND)	20(c)	1,789	2,105

Hanoi, 15 March 2012

Prepared by:

Nguyen Thi Thu Huong

Phung Nguyen Hai Yen

*Deputy Head of Financial
and Accounting Policy Department*

Chief Accountant

Approved by:

Nguyen Danh Luong



Deputy General Director

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

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
1 Interest and similar income received	32,333,968	19,848,243
2 Interest and similar expenses paid	(20,623,670)	(11,606,015)
3 Fee and commission income received	1,509,733	1,417,574
4 Net receipts from the trading activities of foreign currencies, gold and securities	1,261,181	904,205
5 Other income received/(expense paid)– net	(1,484,044)	244,382
6 Receipts from recovery of bad debts previously written off	220,106	334,053
7 Payments to employees and for other operating activities	(5,176,780)	(3,969,792)
8 Income tax paid	(1,395,101)	(1,336,828)
Net cash flow from operating activities before changes in operating assets and working capital	6,645,393	5,835,822
<i>Changes in operating assets</i>		
9 Balances with and loans to other credit institutions	2,663,810	1,966,969
10 Trading securities	(16,913)	6,045,940
11 Loans and advances to customers	(32,603,727)	(35,192,780)
12 Utilisation of allowance for loans and advances to customers	(3,842,717)	(306,069)
13 Other assets	(391,713)	(868,869)
<i>Changes in operating liabilities</i>		
14 Amounts due to the Government and the State Bank of Vietnam	28,789,298	(12,501,464)
15 Deposits and borrowings from other credit institutions	(11,573,259)	20,700,118
16 Deposits from customers	22,260,905	35,684,387
17 Valuable papers issued	(1,492,602)	3,177,927
18 Derivatives and other financial liabilities	46,160	(196,987)
19 Other liabilities	13,093,310	1,114,669
20 Payments from reserves	(517,411)	(438,643)
I Net cash flow generated from operating activities	23,060,534	25,021,020

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

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
1 Payments for purchases of fixed assets	(1,495,797)	(543,391)
2 Proceeds from disposals of fixed assets	5,120	1,536
3 Payments for disposals of fixed assets	(2,098)	(443)
4 Payments for investments in other entities	(11,676)	(503,980)
5 Proceeds from disposals of investments in other entities	1,814,860	292,195
6 Dividends received from long-term investments	142,887	138,726
7 Dividends of prior year received in the year	149,017	-
II Net cash flow generated from/(used for) investing activities	602,313	(615,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
1 Issuance of new shares	4,363,918	1,122,855
2 Dividends paid in cash	(93)	(1,452,103)
III Net cash flow generated from/(used for) financing activities	4,363,825	(329,248)
IV Net cash flow during the year	28,026,672	24,076,415
V Cash and cash equivalents at the beginning of the year	96,678,346	72,601,931
VII Cash and cash equivalents at the end of the year (Note 32)	124,705,018	96,678,346

Hanoi, 15 March 2012

Prepared by:

Nguyen Thi Thu Huong

Deputy Head of Financial
and Accounting Policy Department

Phung Nguyen Hai Yen

Chief Accountant

Approved by:

Nguyen Danh Luong

Deputy General Director



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

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 ("the Bank") was established upon the transformation from a state-owned commercial bank following the approval of the Prime Minister on the equitisation 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 ("the SBV") for a period of 99 years and Business Registration Certificate No. 0103024468 dated 2 June 2008 by the Department of Planning and Investment of Hanoi People's Committee. Business Licence No.0100112437 was renewed for the seventh time on 10 January 2012.

The principal activities of the Bank in accordance with Decision No. 2719/QĐ-NHNN dated 27 December 2011 supplementing the banking licence No. 138/GP-NHNN on contents of the Bank's operations are to mobilise and receive short, medium and long-term deposit funds from organisations and individuals; to lend to organisations and individuals up to the nature and capability of the Bank's capital resources; to conduct settlement and cash services; and 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; to trade in foreign exchange and real-estate business in accordance with the prevailing regulations.

(b) Charter 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 the Department of Planning and Investment of Hanoi People's Committee, the Bank's charter capital was VND12,100,860,260,000. As at 31 December 2011, under Business Licence No.0100112437 which was renewed for the sixth time on 29 December 2011, the Bank's charter capital was VND19,698,045,140,000. The face value per share is VND10,000.

	31/12/2011		31/12/2010	
	Number of shares	%	Number of shares	%
Shares owned by the State of Vietnam	1,787,023,116	90.72%	1,199,666,918	90.72%
Shares owned by other shareholders	182,781,398	9.28%	122,704,534	9.28%
	1,969,804,514	100%	1,322,371,452	100%

(c) Information on the equitisation of the Bank

The Bank for Foreign Trade of Vietnam was equitised under Decision No. 1289/QĐ-TTg dated 26 September 2007 of the Prime Minister on the approval of the equitisation plan of the Bank for Foreign Trade of Vietnam. The enterprise value and the bid price of its share are in accordance with Decision No. 2900/QĐ-NHNN dated 30 November 2007 issued by the SBV on the enterprise value and the pricing bid of the Bank for Foreign Trade of Vietnam. On 26 December 2007, the Bank for Foreign Trade of Vietnam conducted an Initial Public Offering.

The equitisation process of the Bank for Foreign Trade of Vietnam was implemented in accordance with Decree No. 109/2007/ND-CP dated 26 June 2007 issued by the Government of Vietnam and Circular No. 146/2007/TT-BTC dated 6 December 2007 issued by the Ministry of Finance ("the MoF") on equitisation program for 100% state owned entities. The SBV is the authority responsible for the equitisation of the Bank for Foreign Trade of Vietnam. Therefore, the SBV is authorised to announce the enterprise value and approve the finalisation of financial issues, costs relating to the equitisation, financial support paid to redundant employees, proceeds received from issuance of shares during the equitisation process and the value of the capital portion belonging to the State as at the time when the Bank received its Business Registration Licence.

On 7 April 2011, the SBV issued the Decision No. 738/QĐ-NHNN on approving the finalisation of the Bank's equitisation. On 6 May 2011, the payables to the State relating to the Bank's equitisation were fully paid to the State-owned Enterprises Restructuring Support Fund.

On 25 August 2011, The Bank for Foreign Trade of Vietnam signed the handover minute to transfer its capital, assets and liabilities to the Bank.

(d) Locations and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 31 December 2011, the Bank has one (1) Head Office, one (1) Operations Centre, one (1) Training Centre and seventy five (75) 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".

(e) Subsidiaries

<i>Subsidiary</i>	<i>Operating Licence</i>	<i>Nature of business</i>	<i>% direct shareholding by the Bank</i>
Vietcombank Financial Leasing Company Limited ("VCB Leasing")	Operating Licence No. 05/GP-CTCTTC dated 25 May 1998 granted by the SBV.	Finance leasing	100%
Vietcombank Securities Company Limited ("VCB Securities")	Operating Licence No. 09/GPHDKD dated 24 April 2002 and Licence No. 12/GPHDLK dated 23 May 2002 granted by the State Securities Commission.	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%
VCB Money Incorporation	Business Licence No. E0321392009- 6 dated 15 June 2009 granted by Authority of Nevada State, United States of America.	Remittance	75%

(f) Number of employees

As at 31 December 2011, Vietcombank has 12,565 employees (31 December 2010: 11,415 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 Vietnam Dong ("VND") rounded to the nearest million ("VND million"), have been prepared in accordance with Vietnamese Accounting Standards ("VAS"), the Vietnamese Accounting System for Credit Institutions stipulated by the SBV and the relevant statutory requirements. The Bank also prepares the separate financial statements for the year ended 31 December 2011.

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. Vietcombank has consistently applied the accounting policies in the year. Vietcombank has consistently applied the accounting policies in the year and the year ended 31 December 2010.

(b) Fiscal year

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

(c) Changes in accounting policies and disclosures

Circular No. 210/2009/TT-BTC of the Ministry of Finance on the application of the International Financial Reporting Standards on the presentation and disclosures of financial instruments.

On 6 November 2009, the Ministry of Finance issued Circular No.210/2009/TT-BTC guiding the application of International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effect from the fiscal year which started on or after 1 January 2011.

Vietcombank adopted Circular 210 and supplemented additional disclosures in accordance with the requirements of Circular 210 in the consolidated financial statements for the year ended 31 December 2011.

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

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

For the purpose of accounting for the investments in associates and joint-ventures using the equity method and full consolidation of subsidiaries into the consolidated financial statements, assets and liabilities and equity accounts of these companies are translated into VND at the spot rate of exchange ruling on the balance sheet date, and the consolidated statement of income is translated at the average exchange rate for the year. The exchange differences arising on the translation are taken into equity in the consolidated balance sheet.

(e) Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. 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 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 control commences until the date that 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.

The Bank uses the equity method for consolidating its investments in associates and joint ventures in the consolidated financial statements. The Bank's share of its associates' and joint-ventures' post acquisition profits or losses is recognised in the consolidated statement of income. When the Bank's share of losses in associates and joint ventures equals or exceeds the carrying amount of its investment in the associates and joint ventures, the Bank does not recognise 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 the Bank.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, gold, balances with the SBV, Government promissory notes and other short-term valuable papers which are eligible for discounting, balances with other credit institutions and investment securities with original terms to maturity not exceeding three months.

Gold is revaluated at the balance sheet date and the differences arising on revaluation is recorded in the consolidated statement of income.

(g) Investments

(i) Trading securities

Trading securities are defined as debt securities or equity 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 recognised at cost of acquisition. They are subsequently measured at the lower of the carrying value and the market value. Gains or losses from the sales of trading securities are recognised in the statement of income.

(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 the Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by 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 defined as debt securities, equity securities or other securities, which are acquired for an indefinite period and may be sold at any time.

Held-to-maturity investment securities

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

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

(iii) **Long-term investments**

Investments in 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.

Other long-term investments

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

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

(h) **Loans and advances to customers**

Loans and advances to customers are stated on consolidated balance sheet at outstanding principal less allowances for credit risk.

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

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

The Bank applies Article 7 of Decision 493 to classify loans and advances as at 31 December 2010, based on both qualitative and quantitative factors. This rating and classification methodology was approved to be effective in the year 2010 by the SBV in the Official Letter No. 3937/NHNN – TTGSNH dated 27 March 2010.

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 to Group 5 or when borrowers have declared bankruptcy (for borrowers being legal entities) or borrowers are dead or missing (for borrowers being individuals).

(i) Provision for off-balance sheet commitments

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

In addition, Vietcombank is required to make a general provision of 0.75% of total irrevocable outstanding letters of guarantee, letters of credit, and commitment of financing to customers as at the consolidated balance sheet date. Such general provision is required to be made in full within 5 years from the effective date of Decision 493. As at 31 December 2011, Vietcombank provided a general provision of 0.75% of the above balances as at 30 November 2011 (31 December 2010: 0.75% of the above balances as at 30 November 2010).

(j) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

• premises	25 years
• office furniture, fittings and equipment	3-5 years
• motor vehicles	6 years
• others	4 years

(k) Intangible fixed assets

(i) Land use rights

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

In accordance with Circular 203/2009/TT-BTC dated 20 October 2009 by the Ministry of Finance, effective from 1 January 2010, intangible fixed assets which are land use rights are not amortised.

In accordance with Circular 18/2011/TT-BTC dated 10 February 2011 by the Ministry of Finance, value of land use rights with definite terms is amortised as expenses over such definite term.

(ii) Other intangible fixed assets

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

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

(o) Capital and reserves

(i) Ordinary shares

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

(ii) Share premium

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

(iii) Treasury shares

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

(iv) Reserves

Reserves are for specific purposes and distributed from net profit after tax excluding net gain from revaluation of gold ("net profit for appropriation to reserves") at prescribed rates as below:

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

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

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

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

(p) Revenue

(i) Interest income

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

(ii) Fees, commissions and dividend income

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

(iii) Dividends received in the form of shares

In accordance with Circular No. 244/2009/TT-BTC dated 31 December 2009, effective from 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.

(q) Interest expense

Interest expense is recorded on an accrual basis.

(r) Operating lease payments

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

(s) Earnings per share

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

(t) Taxation

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

Deferred tax is calculated by using the balance sheet method, providing for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation 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 recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) 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 the Bank and its subsidiaries are related parties of the Bank. Associates and individuals, directly or indirectly owning the voting power of the Bank and its subsidiaries that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank 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 the Bank. 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 the Bank.

(v) 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 segment. Vietcombank's secondary format for segment reporting is based on business segment.

(w) Off-balance sheet items

(i) Foreign exchange contracts

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

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

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

(ii) Commitments and contingent liabilities

The Bank has credit commitments arising from its regular lending activities. These commitments are unutilised loans and overdraft facilities which are approved. The Bank 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.

(x) Financial instruments

In its business operation, the Bank regularly enters into contracts which give rise to financial assets, financial liabilities and equity instruments.

Financial assets of Vietcombank mainly include:

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

Financial liabilities of Vietcombank mainly include:

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

(i) Classification of financial assets and liabilities

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

Financial assets are classified as follows:

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

Financial liabilities are classified as follows:

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

(ii) Recognition

Financial assets and liabilities are recognised on the balance sheet only when Vietcombank enters into contracts which give rise to related financial instruments. Vietcombank recognises financial assets and liabilities on the trade date when it becomes a party to the effective contractual provisions of the instruments. (trade date accounting).

(iii) De-recognition

Vietcombank derecognises a financial asset when the contractual right to receive cash flows from the financial asset has expired, or when it has transferred substantially all the risks and rewards of ownership of the financial asset. Vietcombank derecognises a financial liability when the contractual obligations are settled (i.e., either discharged, cancelled or expired).

(iv) Measurement and disclosures of fair value

In accordance with Circular 210/2009/TT-BTC, Vietcombank, has to disclose the fair value of financial assets and financial liabilities to compare with the carrying value of those financial assets and financial liabilities as in Notes 37.

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

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

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

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

3. Cash on hand, gold, silver and gemstones

	31/12/2011 VND million	31/12/2010 VND million
Cash on hand in VND	3,470,331	3,238,396
Cash on hand in foreign currencies	1,326,802	1,462,824
Valuable papers in foreign currencies	8,714	13,396
Gold	587,919	518,127
	5,393,766	5,232,743

4. Balances with the State Bank of Vietnam

	31/12/2011 VND million	31/12/2010 VND million
Demand deposits in VND	5,410,490	3,058,043
Demand deposits in USD	5,206,269	5,181,808
	10,616,759	8,239,851

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

Under the SBV's regulations on CRR, banks are permitted to maintain a floating balance for CRR.

The monthly average balance of the demand deposits of the Bank with 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 multiply with preceding CRR rates.

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

Type of deposits	31/12/2011	31/12/2010
Deposits in VND with term of less than 12 months	3%	3%
Deposits in VND with term of and more than 12 months	1%	1%
Deposits in foreign currencies with term of less than 12 months	8%	4%
Deposits in foreign currencies with term of and more than 12 months	6%	2%
Deposit from overseas credit institutions in foreign currencies	1%	Not applicable

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

	31/12/2011	31/12/2010
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%	0.1%

5. Balances with and loans to other credit institutions

	31/12/2011 VND million	31/12/2010 VND million
Balances with other credit institutions		
Demand deposits in VND	12,241	79,097
Demand deposits in foreign currencies	18,629,416	13,361,116
Term deposits in VND	19,899,795	36,267,312
Term deposits in foreign currencies	33,281,095	29,792,261
	71,822,547	79,499,786
Loans to other credit institutions		
Loans in VND	20,326,604	150,200
Loans in foreign currencies	12,870,454	9,466
	33,197,058	159,666
Allowance for loans to other credit institutions	(14,546)	(5,622)
	33,182,512	154,044
	105,005,059	79,653,830

Allowances for loans to other credit institutions comprise of:

	31/12/2011 VND million	31/12/2010 VND million
General allowance	14,546	1,132
Specific allowance	-	4,490
Closing balance	14,546	5,622

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

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Opening balance	1,132	6,398
Allowance made/(reversed) during the year (Note 30)	13,414	(5,266)
Closing balance	14,546	1,132

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

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Opening balance	4,490	-
Allowance (reversed)/made during the year (Note 30)	(4,490)	4,490
Closing balance	-	4,490

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

	31/12/2011	31/12/2010
Demand deposits in VND	0%	0%
Demand deposits in foreign currencies	0%	0%
Term deposits in VND	11% - 16.5%	10.5% - 13.5%
Term deposits in foreign currencies	0.001% - 5.5%	0.8% - 5.8%
Loans in VND	11% - 16.5%	11.5% - 13.2%
Loans in foreign currencies	1.5% - 4.5%	2% - 5.5%

6. Trading securities

Listing status of trading securities was as follows:

	31/12/2011 VND million	31/12/2010 VND million
Equity securities	117,417	10,830
Listed	11,337	10,830
Unlisted	106,080	-
 Debt securities issued by local credit institutions	 707,955	 -
Listed	509,955	-
Unlisted	198,000	-
	<hr/> 825,372	<hr/> 10,830
 Allowance for diminution in value of trading securities	 (7,741)	 (3,649)
	<hr/> 817,631	<hr/> 7,181

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

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Opening balance	3,649	233
Allowance made during the year (Note 25)	4,092	3,416
 Closing balance	 7,741	 3,649

7. Loans and advances to customers

	31/12/2011 VND million	31/12/2010 VND million
Loans to local corporations and individuals	206,061,931	174,288,885
Discounted bills and valuable papers	1,470,746	1,184,880
Finance leases	1,286,698	1,190,898
Loans given to make payments on behalf of customers	425,005	149,243
Loans to foreign individuals and enterprises	45,157	-
Frozen loans	128,096	-
	209,417,633	176,813,906

Loan portfolio by loan group was as follows:

	31/12/2011 VND million	31/12/2010 VND million (restated)
Current	174,350,730	155,563,351
Special mentioned	30,808,944	16,103,003
Sub-standard	1,257,457	1,164,353
Doubtful	653,072	390,534
Loss	2,347,430	3,592,665
	209,417,633	176,813,906

Loan portfolio by term was as follows:

	31/12/2011 VND million	31/12/2010 VND million
Short - term	123,311,798	94,715,390
Medium - term	22,324,975	20,682,088
Long – term	63,780,860	61,416,428
	209,417,633	176,813,906

Loan portfolio by type of borrowers was as follows:

	31/12/2011 VND million	31/12/2010 VND million (restated)
State owned companies	55,775,069	61,249,054
Limited companies	38,452,780	32,851,968
Foreign invested enterprises	12,892,737	9,744,238
Co-operative and private companies	4,411,825	6,510,681
Individuals	20,872,890	18,709,093
Others	77,012,332	47,748,872
	209,417,633	176,813,906

Loan portfolio by industry sectors was as follows:

	31/12/2011 VND million	31/12/2010 VND million
Construction	12,840,564	10,479,503
Electricity, gas, water supplying	15,927,208	14,158,727
Processing and manufacturing	77,468,701	63,622,119
Mining	13,553,639	11,454,950
Agriculture, forestry and aquaculture	2,445,791	2,071,144
Transportation, logistics and communication	11,803,491	12,167,693
Trading and service	46,445,516	38,862,585
Hospitality	5,433,282	3,969,130
Other industries	23,499,441	20,028,055
	209,417,633	176,813,906

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

	31/12/2011	31/12/2010
Loans and advances in VND	15% - 22%	12% - 18%
Loans and advances in USD	5.5% - 7.5%	2% - 12%

8. Allowance for loans and advances to customers

	31/12/2011 VND million	31/12/2010 VND million (restated)
General allowance	1,464,435	1,279,097
Specific allowance	3,863,719	4,293,491
	5,328,154	5,572,588

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

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
Opening balance	1,279,097	1,072,050
Allowance made during the year (Note 30)	168,850	199,229
Foreign exchange difference	16,488	7,818
Closing balance	1,464,435	1,279,097

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

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
Opening balance	4,293,491	3,553,070
Allowance made during the year (Note 30)	3,407,041	1,044,571
Allowance utilised for writing off bad debt during the year	(3,840,360)	(306,069)
Foreign exchange difference	3,547	1,919
Closing balance	3,863,719	4,293,491

9. Investment securities

(a) Available-for-sale securities

	31/12/2011 VND million	31/12/2010 VND million
Debt securities		
Government bonds	10,129,004	8,106,576
Treasury bills	764,710	-
Issued by local credit institutions	13,698,323	13,451,842
Issued by local economic entities	1,309,997	1,222,529
Equity securities		
Issued by local credit institutions	89,456	-
Issued by local economic entities	35,644	-
	26,027,134	22,780,947
Allowance for diminution in value of available-for-sale securities	(305,911)	(299,292)
	25,721,223	22,481,655

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

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Opening balance	299,292	86,896
Allowance made during the year (Note 26)	6,619	212,396
Closing balance	305,911	299,292

(b) Held-to-maturity securities

	31/12/2011 VND million	31/12/2010 VND million
Government bonds	2,437,741	2,433,659
Debt securities issued by local credit institutions	720,774	773,374
Investments trusted to a foreign fund manager	-	6,594,442
Investments trusted to a local fund manager	592,007	528,085
	3,750,522	10,329,560
Allowance for diminution in value of held-to-maturity securities	(15,231)	-
	3,735,291	10,329,560

Movements in allowance for diminution in value of these investments were as follows:

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Opening balance	-	339,209
Allowance made/(reversed) during the year (Note 26)	15,231	(339,209)
Closing balance	15,231	-

10. Long-term investments

(a) Investments in joint-ventures

As at 31 December 2011

	Nature of business	% share- holding	At cost VND million	At carrying value VND million
ShinhanVina Bank	Bank	-	-	-
Vietcombank-Bonday-Benthanh Joint Venture Company Limited	Office leasing	52%	276,067	319,972
Vietcombank Fund Management Joint Venture Company	Investment fund management	51%	28,050	42,681
Vietcombank-Cardiff Life Insurance Company Limited	Life insurance	45%	270,000	283,639
			574,117	646,292

As at 31 December 2010

	Nature of business	% share- holding	At cost VND million	At carrying value VND million
ShinhanVina Bank	Bank	50%	589,390	961,709
Vietcombank-Bonday-Benthanh Joint Venture Company Limited	Office leasing	52%	276,067	276,789
Vietcombank Fund Management Joint Venture Company	Investment fund management	51%	28,050	43,435
Vietcombank-Cardiff Life Insurance Company Limited	Life insurance	45%	270,000	281,413
			1,163,507	1,563,346

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

The Bank owns 45% of the total capital of Vietcombank-Cardiff Life Insurance Company Limited. However, these company's charters require a consensus among related parties on all important decisions on the company's operational and financial matters. Therefore, the investments in these companies are classified into "Investment in joint ventures" rather than "Investment in associates".

(b) Investments in associate companies

As at 31 December 2011

	Nature of business	% share- holding	At cost VND million	At carrying value VND million
Vietcombank-Bonday Joint Venture Company Limited	Office leasing	16%	11,110	11,200
Vietcombank Partners Fund 1	Investment fund	11%	11,000	7,493
			22,110	18,693

As at 31 December 2010

	Nature of business	% share- holding	At cost VND million	At carrying value VND million
Vietcombank-Bonday Joint Venture Company Limited	Office leasing	16%	30,934	11,061
Vietcombank Partners Fund 1	Investment fund	11%	16,500	11,904
			47,434	22,965

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

(c) Other long-term investments

As at 31 December 2011

	Nature of business	% share- holding	At cost VND million
Vietnam Export-Import Commercial Joint Stock Bank	Bank	8.19%	582,065
Saigon Bank for Industry and Trade	Bank	5.26%	123,452
Military Commercial Joint Stock Bank	Bank	11.00%	966,642
Gia Dinh Joint Stock Commercial Bank	Bank	-	-
Orient Commercial Joint Stock Bank	Bank	5.06%	144,802
Central Peoples's Credit Fund	Credit Fund	0.29%	5,000
Small & Medium Enterprises Credit Guarantee Fund	Credit services	0.92%	1,800
SWIFT, MASTER and VISA	Card and settlement services	-	761
Petrolimex Insurance JSC	Insurance	10.04%	67,900
PV Drilling JSC	Drilling	2.56%	55,945
Gentraco JSC	Food services	3.76%	4,024
Ho Chi Minh City Infrastructure Investment	Construction	1.78%	13,676
Nha Rong Insurance Company	Insurance	3.73%	12,540
Saigon Postel Company	Tele-communication	-	-
PVTRANS Pacific JSC	Drilling	-	-
	Transportation		
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
Vietcombank Real Estate JSC	Real estate	11.00%	11,000
Smartlink Card	Card services	8.80%	4,400
FNBC	Media services	10.00%	13,440
			2,161,359
Allowance for diminution in the value of investments			(207,926)
			1,953,433

As at 31 December 2010

	Nature of business	% share- holding	At cost VND million
Vietnam Export-Import Commercial Joint Stock Bank	Bank	8.19%	582,065
Saigon Bank for Industry and Trade	Bank	5.26%	123,452
Military Commercial Joint Stock Bank	Bank	11.00%	966,642
Gia Dinh Joint Stock Commercial Bank	Bank	3.83%	116,833
Orient Commercial Joint Stock Bank	Bank	4.67%	137,907
Central Peoples's Credit Fund	Credit Fund	0.37%	5,000
Small & Medium Enterprises Credit Guarantee Fund	Credit services	0.93%	1,800
SWIFT, MASTER and VISA	Card and settlement services	-	761
Petrolimex Insurance JSC	Insurance	10.00%	67,900
PV Drilling JSC	Drilling	2.56%	55,945
Gentraco JSC	Food services	3.80%	4,024
Ho Chi Minh City Infrastructure Investment	Construction	1.78%	13,676
Nha Rong Insurance Company	Insurance	3.72%	12,540
Saigon Postel Company	Tele-communication	3.79%	138,072
PVTRANS Pacific JSC	Drilling	10.00%	120,000
PCB Investment Company	Transportation		
	Credit information services	6.36%	3,181
Cement Financial JSC	Financial services	10.91%	70,950
Vietnam Infrastructure Development and Finance Investment JSC	Highway investment	1.50%	75,000
Vietcombank Real Estate JSC	Real estate	11.00%	11,000
Smartlink Card	Card services	8.80%	4,400
FNBC	Media services	10.00%	13,440
			2,524,588
Allowance for diminution in the value of investments			(155,899)
			2,368,689

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

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Opening balance	155,899	103,380
Allowance made during the year (Note 29)	52,027	52,519
Closing balance	207,926	155,899

11. Tangible fixed assets

	Premises	Office furniture, fittings and equipment	Motor Vehicles	Others	Total
	VND million	VND million	VND million	VND million	VND million
Cost					
Opening balance- restated	751,204	2,219,331	303,156	265,611	3,539,302
Additions	137,003	426,003	87,917	72,191	723,114
- Purchases	133,138	424,618	87,320	72,191	717,267
- Others	3,865	1,385	597	-	5,847
Decreases	(6,848)	(40,612)	(9,841)	(14,931)	(72,232)
- Disposal	(6,848)	(39,959)	(9,841)	(13,432)	(70,080)
- Others	-	(653)	-	(1,499)	(2,152)
Closing balance	881,359	2,604,722	381,232	322,871	4,190,184
Accumulated depreciation					
Opening balance- restated	271,046	1,759,716	170,073	159,654	2,360,489
Additions	36,728	321,191	40,648	39,925	438,492
- Charge for the year	36,728	321,191	40,036	39,905	437,860
- Others	-	-	612	20	632
Decreases	(5,958)	(40,430)	(9,751)	(13,487)	(69,626)
- Disposal	(5,323)	(39,774)	(9,751)	(13,291)	(68,139)
- Others	(635)	(656)	-	(196)	(1,487)
Closing balance	301,816	2,040,477	200,970	186,092	2,729,355
Net book value					
Opening balance- restated	480,158	459,615	133,083	105,957	1,178,813
Closing balance	579,543	564,245	180,262	136,779	1,460,829

12. Intangible fixed assets

	Land use right VND million	Copyrights and patents VND million	Others VND million	Total VND million
Cost				
Opening balance	331,595	196,226	79,099	606,920
Additions	675,630	104,210	124	779,964
- Purchases during the year	674,196	104,210	124	778,530
- Others	1,434	-	-	1,434
Decreases	-	-	-	-
Closing balance	1,007,225	300,436	79,223	1,386,884
Accumulated depreciation				
Opening balance	7,950	128,422	63,268	199,640
Additions	3,642	38,080	607	42,329
- Charge for the year	1,619	38,080	607	40,306
- Others	2,023	-	-	2,023
Decreases	-	-	-	-
Closing balance	11,592	166,502	63,875	241,969
Net book value				
Opening balance	323,645	67,804	15,831	407,280
Closing balance	995,633	133,934	15,348	1,144,915

13. Other assets

(a) Receivables

	31/12/2011 VND million	31/12/2010 VND million (restated)
Internal receivables	253,723	204,853
External receivables (i)	2,064,329	1,715,383
	2,318,052	1,920,236

(i) **External receivables**

	31/12/2011 VND million	31/12/2010 VND million (restated)
Advances for the purchase of fixed assets	280,016	462,052
Receivable from the State Budget in relation to the interest subsidy program	625,639	402,559
Advance for corporate income tax (Note 33)	3,919	8,015
Value Added Tax receivables (Note 33)	4,273	60
Construction in progress (*)	937,339	485,442
Foreclosed assets – net (**)	-	-
Other receivables	213,143	357,255
<i>In which: Dividend receivables</i>	-	149,017
	2,064,329	1,715,383

(*) **Construction in progress**

	31/12/2011 VND million	31/12/2010 VND million
Construction in progress	937,339	485,442
<i>In which, large constructions include:</i>		
<i>South Sai Gon Branch construction</i>	397,367	247,861
<i>Thanh Cong Branch construction</i>	48,005	45,533
<i>Vinh Branch construction</i>	-	21,953
<i>Ha Tinh Branch construction</i>	21,636	18,543
<i>Da Nang Branch construction</i>	31,674	21,024
<i>Gia Lai Branch construction</i>	24,250	15,301
<i>Quang Nam Branch construction</i>	51,347	13,165
<i>Hai Duong Branch construction</i>	10,316	15,620
<i>Long An Branch construction</i>	27,823	11,581
<i>Soc Trang Branch construction</i>	21,185	7,430
<i>Quang Ninh Branch construction</i>	28,135	7,428
<i>Hung Yen Branch construction</i>	32,845	6,874
<i>Mong Cai Branch construction</i>	59,251	54

(**) **Foreclosed assets - net**

	31/12/2011 VND million	31/12/2010 VND million
Book value	-	2,145
Less: Allowance for diminution, represented by:	-	(2,145)
Opening balance	(2,145)	(29,746)
Utilisation of allowance	2,357	-
Allowance reversed during the year (Note 30)	-	27,601
Foreign exchange difference	(212)	-
Net value	-	-

(b) **Accrued interest and fee receivable**

	31/12/2011 VND million	31/12/2010 VND million (restated)
From loans and advances to customers	1,372,882	1,036,914
From balances with and loans to other credit institutions	296,531	221,338
From investment securities	1,702,995	1,064,555
From currency swap transactions	6,522	33,968
Others	-	1,390
	3,378,930	2,358,165

(c) **Other assets**

	31/12/2011 VND million	31/12/2010 VND million
Prepaid expenses for office and fixed assets rental	171,191	192,781
Materials	60,300	47,386
Receivables relating to card transactions	149,550	157,408
Other assets	40,886	183,445
	421,927	581,020

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

	31/12/2011 VND million	31/12/2010 VND million
Borrowings from the SBV	7,312,479	797,051
Borrowings collateralised by valuable papers	-	777,237
Other borrowings	7,312,479	19,814
Others	31,553,755	9,279,885
Deposits from the State Treasury	20,238,318	4,637,418
Deposits from the SBV	11,315,437	4,642,467
	38,866,234	10,076,936

15. Deposits and borrowings from other credit institutions

	31/12/2011 VND million	31/12/2010 VND million
Deposits	22,725,480	53,950,694
Demand deposits in VND	2,159,960	3,143,441
Demand deposits in foreign currencies	14,861,862	16,626,802
Term deposits in VND	2,761,200	18,992,185
Term deposits in foreign currencies	2,942,458	15,188,266
Borrowings	25,236,895	5,584,940
Borrowings in VND	5,300,000	-
Borrowings in foreign currencies	19,936,895	5,584,940
	47,962,375	59,535,634

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

	31/12/2011	31/12/2010
Demand deposits in VND	0.15% - 6.5%	0.15% - 2.4%
Demand deposits in foreign currencies	0% - 1.5%	0.1% - 1.5%
Term deposits in VND	9% - 17.4%	10.5% - 15.4%
Term deposits in foreign currencies	0.01% - 4.17%	0.15% - 4.67%
Borrowings in VND	11.5% - 13.5%	11.29% - 13.11%
Borrowings in foreign currencies	0.01% - 3.85%	1.94% - 1.99%

16. Deposits from customers

	31/12/2011 VND million	31/12/2010 VND million
Demand deposits	55,075,184	48,693,603
Demand deposits in VND	34,647,030	31,450,313
Demand deposits in foreign currencies	20,428,154	17,243,290
Term deposits	165,959,270	151,132,566
Term deposits in VND	118,329,628	104,161,018
Term deposits in foreign currencies	47,629,642	46,971,548
Deposits for specific purposes	4,781,649	3,578,543
Margin deposits	1,200,751	1,351,237
	227,016,854	204,755,949

Deposits from customers by type of customers were as follows:

	31/12/2011 VND million	31/12/2010 VND million
Economic entities	105,430,066	104,590,117
Individuals	121,586,788	98,879,938
Others	-	1,285,894
	227,016,854	204,755,949

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

	31/12/2011	31/12/2010
Current accounts in VND	2% - 6%	3% - 7%
Current accounts in foreign currencies	0.05% - 0.3%	0.1% - 0.3%
Term deposits in VND	6% - 14%	7% - 17%
Term deposits in foreign currencies	0.5% - 2%	1% - 7%

17. Derivatives and other financial (assets)/liabilities

	31/12/2011		31/12/2010	
	Contract notional value VND million	Carrying value VND million	Contract notional value VND million	Carrying value VND million
Derivatives				
Currency swap contracts	2,678,869	28,760	785,568	(24,250)
Forwards contracts	1,564,226	(17,286)	145,704	(10,436)
Other financial liabilities/(assets)	4,243,095	11,474	931,272	(34,686)

18. Valuable papers issued

	31/12/2011 VND million	31/12/2010 VND million
Certificates of deposit	42,600	1,535,261
Short-term in VND	44	116
Short-term in foreign currencies	346	4,444
Medium-term in VND	4,068	113,065
Medium-term in foreign currencies	38,142	1,417,636
Bond and treasury bills	2,028,783	2,028,724
Short-term in VND	254	259
Short-term in foreign currencies	798	725
Medium-term in VND	2,015,820	2,015,820
Medium-term in foreign currencies	11,911	11,920
	2,071,383	3,563,985

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

	31/12/2011	31/12/2010
Medium-term valuable papers in VND	8.5%-11.2%	8.5% - 11.2%

19. Other liabilities

(a) Accrued interest and fees payables

	31/12/2011 VND million	31/12/2010 VND million (restated)
For deposits from customers	2,603,418	2,539,030
For deposits and borrowings from other credit institutions	282,471	17,797
For valuable papers issued	5,064	4,847
For swap transactions	58,390	74,816
Others	-	3,470
	2,949,343	2,639,960

(b) Other liabilities

	31/12/2011 VND million	31/12/2010 VND million (restated)
Internal payables (i)	1,453,021	1,399,637
External payables (ii)	16,704,961	3,781,167
	18,157,982	5,180,804

(i) Internal payables

	31/12/2011 VND million	31/12/2010 VND million (restated)
Payables to employees	646,589	653,241
Bonus and welfare funds	594,678	607,832
Others	211,754	138,564
	1,453,021	1,399,637

(ii) **External payables**

	31/12/2011 VND million	31/12/2010 VND million (restated)
Payables to the State relating to equitisation	-	467,662
Payable relating to cash received from initial public offering (*)	-	91,689
Payables to the State relating to severance allowance	-	48,698
Corporate income tax payables (Note 33)	366,527	287,595
Value added tax payables (Note 33)	22,393	28,277
Other tax payables (Note 33)	68,727	54,381
Interest income on investment in securities received in advance pending for allocation	46,840	53,096
Payables for construction and acquisition of fixed assets	306,104	229,821
Payables for securities investors	12,999	421,533
Deposit in custody relating to pending payments	2,096,486	853,911
Other payables to customers	460,874	23,699
Other pending items in settlement	28,146	980,050
Other payables to the State relating to interest subsidy program	62,713	58,037
Provision for severance allowance	17,490	10,081
Other payables	615,662	172,637
Borrowings from Social Insurance (**)	12,600,000	-
	16,704,961	3,781,167

(*) **Payable relating to cash received from Initial Public Offering**

This represents the remaining surplus from the Initial Public Offering when equitising the Bank for Foreign Trade of Vietnam. This balance has been settled upon the approval of the equitisation settlement by the State Bank of Vietnam.

Movements of this account during the year were as follows:

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Opening balance	91,689	1,108,290
Increases during the year	6,746	-
<i>Finalisation of the Bank's equitisation</i>	6,746	-
Decreases during the year	(98,435)	(1,016,601)
<i>Transfer to Share premium of the Bank (Note 20(a))</i>	(8,952)	(987,000)
<i>Equitisation expenses</i>	-	(29,601)
<i>Transfer to the State budget</i>	(86,292)	-
<i>Finalisation of the Bank's equitisation</i>	(3,191)	-
Closing balance	-	91,689

(**) **Borrowings from Social Insurance**

Borrowings from Social Insurance are in VND, bearing interest rates at 14.2% per annum for periods from 3 months to 2 years.

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

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
Opening balance	1,009,201	840,441
Provision (reversed)/made during the year (Note 30)	(111,286)	168,760
Closing balance	897,915	1,009,201

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

20. Capital and reserves

(a) Statement of changes in equity

	Charter capital VND million	Share premium VND million	Other capital VND million	Reserves			Asset revaluation difference VND million	Foreign exchange difference VND million	Retained profits VND million	Total equity VND million
				Reserve to supplement capital VND million	Financial reserve VND million	Investment and development fund VND million				
Balance at 1/1/2011 - restated	13,223,715	987,000	45,160	456,837	941,460	58,378	35,631	269,314	4,719,234	20,736,729
Net profit for the year	-	-	-	-	-	-	-	-	4,196,811	4,196,811
Shares issued in cash (*)	4,363,825	-	-	-	-	-	-	-	-	4,363,825
Shares issued during the year, of which: (**)	2,110,505	-	-	-	-	-	-	-	(2,110,412)	93
- Dividend paid in form of shares	2,110,412	-	-	-	-	-	-	-	(2,110,412)	-
- Cash received from issuing shares to Trade Union	93	-	-	-	-	-	-	-	-	93
Dividends of 2010 paid in cash during the year	-	-	-	-	-	-	-	-	(93)	(93)
Finalisation of equitisation (***)	-	8,952	-	-	-	-	-	-	(90,756)	(81,804)
Adjustment for difference in retained earnings of VCB Leasing as at 31 May 2008	-	-	-	-	-	-	-	-	(19,655)	(19,655)
The Bank received retained earnings and reserves transferred from VCB Leasing	-	-	-	-	-	-	-	-	35,863	35,863
Retained earnings and reserves of VCB Leasing transferred to the Bank	-	-	-	(2,340)	-	(9,378)	-	-	(24,145)	(35,863)
Decrease from disposal of investment in Shinhan Vina Bank	-	-	-	(6,797)	(13,246)	-	-	(150,717)	(201,557)	(372,317)
Transfer of Shinhan Vina Bank's previous years' retained earnings to the Bank	-	-	-	-	-	-	-	-	372,317	372,317
Appropriation to reserves	-	-	-	226,665	457,819	7,546	-	-	(1,365,041)	(673,011)
Utilisation during the year	-	-	-	-	(2,443)	-	-	-	(1,051)	(3,494)
Appropriation to reserves for the previous year	-	-	-	-	-	-	-	-	(3,561)	(3,561)
Foreign exchange difference due to translation of financial statements	-	-	-	-	-	-	34,811	88,045	-	122,856
Foreign exchange difference due to changes in accounting currency of VCB Tower	-	-	-	-	844	1,266	-	(15,622)	13,512	-
Balance at 31/12/2011	19,698,045	995,952	45,160	674,365	1,384,434	57,812	70,442	191,020	5,521,466	28,638,696

(*) This share issue was approved by the SBV in the Official Letter No. 7086/NHNN-TTGSNH dated 20 September 2010 and consented by shareholders in the Irregular General Shareholders' Meeting dated 9 November 2010.

(**) This share issue was approved by the SBV in the Official Letter No. 4918/NHNN-TTGSNH dated 28 June 2011 and consented by shareholders in the 4th Annual General Shareholders' Meeting.

(***) The finalisation of equitisation was approved by the Bank's Board of Directors in the Resolution No. 165/NQ-NHNT.HDQT dated 8 August 2011.

(b) Details of shareholders of the Bank

	31/12/2011 VND million	31/12/2010 VND million
Ordinary shares		
State	17,870,231	11,996,669
Other shareholders	1,827,814	1,227,046
	19,698,045	13,223,715

The Bank's authorised and issued share capital are:

	31/12/2011		31/12/2010	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	1,969,804,514	19,698,045	1,322,371,452	13,223,715
Issued share capital				
Ordinary shares	1,969,804,514	19,698,045	1,322,371,452	13,223,715
Shares outstanding				
Ordinary shares	1,969,804,514	19,698,045	1,322,371,452	13,223,715

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

(c) Basic earnings per share

(i) Profit attributable to the shareholders of the Bank

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
Net profit after tax	4,196,811	4,214,544
Appropriation to bonus and welfare funds	(673,011)	(567,631)
Profit attributable to the ordinary shareholders	3,523,800	3,646,913

(ii) *Weighted average number of ordinary shares*

	Year ended 31/12/2011	Year ended 31/12/2010 (restated)
Shares issued at the beginning of the year	1,322,371,452	1,210,086,026
Adjusting impacts of share issuance during 2011 and after the financial year end	647,433,062	554,254,976
Weighted average number of ordinary shares	1,969,804,514	1,764,341,002

(iii) *Basic earnings per share*

	Year ended 31/12/2011 VND	Year ended 31/12/2010 (restated) VND	Year ended 31/12/2010 (restated) VND
Basic earnings per share	1,789	1,886(*)	2,105

(*): Adjusted EPS taken into account the impact of the increase in the Bank's charter capital through dividend payment in form of shares in 2011.

21. Interest and similar income

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
Interest income from loans and advances to customers	24,757,888	16,020,927
Interest income from balances with other credit institutions	4,888,915	1,470,577
Interest income from investing debt securities	3,473,803	2,932,111
- <i>Interest income from investment securities</i>	3,473,803	2,932,111
Interest income from finance lease	203,272	139,662
Other income from credit activities	30,855	24,212
	33,354,733	20,587,489

22. Interest and similar expenses

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Interest expenses on deposits	(18,519,435)	(11,695,332)
Interest expenses on borrowings	(1,408,882)	(595,863)
Interest expense on valuable papers issued	(266,265)	(54,447)
Others expenses on credit activities	(738,471)	(46,583)
	(20,933,053)	(12,392,225)

23. Net fee and commission income

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
Fee and commission income		
Settlement services	1,143,190	943,522
Cash services	130,306	113,211
Guarantee services	218,873	192,220
Trusted and agency activities	2,948	4,038
Other services	702,716	664,385
	2,198,033	1,917,376
Fee and commission expenses		
Settlement services	(555,728)	(297,903)
Cash services	(20,572)	(16,968)
Telecommunication services	(44,711)	(37,389)
Trusted and agency activities	(862)	(8,806)
Other services	(66,427)	(141,064)
	(688,300)	(502,130)
	1,509,733	1,415,246

24. Net gain from trading foreign currencies

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
Gains from trading foreign currencies		
From foreign currencies spot trading	5,543,292	4,591,129
From currency derivatives	531,215	182,813
From revaluating gold	17,902	119,433
From revaluating trading foreign currencies	14,063	44,421
From revaluating derivative contracts	-	22,850
	6,106,472	4,960,646
Losses from trading foreign currencies		
From foreign currencies spot trading	(4,270,313)	(3,990,576)
From currency derivatives	(587,071)	(286,121)
From revaluating trading foreign currencies	(8,800)	(122,269)
From revaluating derivative contracts	(60,704)	-
	(4,926,888)	(4,398,966)
	1,179,584	561,680

25. Net (loss)/gain from trading of trading securities

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Income from trading of trading securities	1,553	21,565
Cost of trading of trading securities	(3,357)	-
Allowance (made) for diminution in the value of trading securities (Note 6)	(4,092)	(3,416)
	(5,896)	18,149

26. Net gain from sales of investment securities

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Income from trading of investment securities	63,923	159,096
Cost of trading of investment securities	(18,061)	(17,528)
Allowance for diminution in the value of available-for-sale securities (made) during the year (Note 9(a))	(6,619)	(212,396)
Allowance for diminution in the value of held-to-maturity securities (made)/reversed during the year (Note 9(b))	(15,231)	339,209
	24,012	268,381

27. Net other (expenses)/income

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
Other income		
Income from interest rate swap transactions	-	3,064
Income from loans previously written off	220,106	334,053
Income from other activities	135,383	387,735
	355,489	724,852
Other expenses		
Expense from interest rate swap transactions	(124,694)	(115,852)
Expense from investment trust agreements	(1,487,091)	-
Other expenses	(4,620)	(28,928)
	(1,616,405)	(144,780)
	(1,260,916)	580,072

28. Income from investments in other entities

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Dividends received from equity investments during the year	142,887	272,511
- Dividends received from equity investment	142,279	123,494
- Dividends received from trading securities	608	-
- Dividends receivables from long-term investments	-	149,017
Sharing of net profit/(loss) of investments in joint-ventures and associates	14,622	109,229
Income from disposal of equity investments	845,065	110,286
	1,002,574	492,026

29. Operating expenses

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
Tax, duties and fees	(282,292)	(201,593)
Salaries and related expenses	(3,188,514)	(2,603,191)
Of which:		
- Salary and allowance (Note 34)	(2,768,771)	(2,359,580)
- Additional expenses based on salary	(291,621)	(200,734)
- Other allowances	(8,656)	(6,556)
- Social activities expenses	(119,466)	(36,321)
Expenses on assets	(1,091,815)	(902,321)
Of which:		
- Depreciation of fixed assets	(478,166)	(452,574)
Administrative expenses	(992,354)	(735,378)
Insurance expenses on deposit of customers	(86,383)	(72,326)
Allowance for diminution in the value of long-term investments made during the year (Note 10(c))	(52,027)	(52,519)
Others	(6,452)	(10,457)
	(5,699,837)	(4,577,785)

Salary and allowance for the year ended 31 December 2011 was accrued based on 31.2% total income minus total expenses excluding salary following the Decision No. 1676/QĐ-NHNN dated 01 August 2011 of the SBV regarding the salary and allowance expense rate applied for the Bank in the year 2011.

During the year ended 31 December 2011, the Bank contributed VND2,605 million (the year ended 31 December 2010: VND2,154 million) to unemployment insurance fund.

30. Provisions and allowances for credit risks

	Note	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
General allowance for loans to other credit institutions			
(Made)/reversed during the year	5	(13,414)	5,266
Specific allowance for loans to other credit institutions			
Reversed/(made) during the year	5	4,490	(4,490)
General allowance for loans and advances to customers			
(Made) during the year	8	(168,850)	(199,229)
Specific allowance for loans and advances to customers			
(Made) during the year	8	(3,407,041)	(1,044,571)
Provision for diminution of foreclosed assets			
Reversed during the year	13(a)(i)	-	27,601
Provision for contingent liabilities and off-balance sheet commitments			
Reversed/(made) during the year	19(c)	111,286	(168,760)
		(3,473,529)	(1,384,183)

31. Corporate income tax

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million (restated)
Profit before tax	5,697,405	5,568,850
<i>(Less: non-taxable income)/</i>		
<i>Add: non-deductible expenses</i>		
Net (profits) from investments in joint ventures and associates (Note 28)	(14,622)	(109,229)
Interest (income) from Government Education Bond	-	(54,117)
Net (gain) from revaluation of foreign currencies	(17,902)	(64,435)
Dividend (income) in the year (Note 28)	(142,887)	(272,511)
Difference in tax rates applied	1,925	-
Other non-taxable incomes	(252)	-
Non-deductible tax expenses	1,064	2,633
Non-taxable losses of subsidiaries	25,385	-
Income from disposal of investment in joint ventures	372,317	-
Others	(213)	30,261
Taxable income	5,922,220	5,101,452
Effective corporate income tax rate	24.99%	24.85%
Corporate income tax – current	(1,480,073)	(1,267,793)
Tax losses utilised	-	2,306
Under provision in previous years	-	(321)
Corporate income tax – current	(1,480,073)	(1,265,808)

32. Cash and cash equivalents

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
Cash on hand, gold, silver, gemstones	5,393,766	5,232,743
Balances with the SBV	10,616,759	8,239,851
Balances with credit institutions due within three months	102,113,431	74,089,468
Securities due within three months	6,581,062	9,116,284
	124,705,018	96,678,346

33. Obligations to State Budget

	Balance as at 1/1/2011	Occurrence		Balance as at 31/12/2011
	VND million (restated)	Payable VND million	Paid VND million	VND million
Value added tax	28,217	247,402	(257,499)	18,120
Corporate income tax	279,580	1,478,129	(1,395,101)	362,608
Of which:				
Corporate income tax of the Bank	276,772	1,480,073	(1,392,293)	364,552
Additional corporate income tax of the year 2009	2,808	-	(2,808)	-
Tax returned from equitisation expenses adjusted twice for the first 5 months of the year 2008	-	(1,889)	-	(1,889)
Net off tax advance of Vinafico's tax obligation in the year 2009	-	(55)	-	(55)
Other taxes	54,381	335,466	(321,120)	68,727
	362,178	2,060,997	(1,973,720)	449,455

Tax obligations are reconciled as follows:

	Value added tax VND million	Corporate income tax VND million	Other taxes VND million	Total VND million
As at 31 December 2011				
Tax payables (Note 19(b)(ii))	22,393	366,527	68,727	457,647
Tax advances (Note 13(a)(i))	(4,273)	(3,919)	-	(8,192)
	18,120	362,608	68,727	449,455
As at 31 December 2010				
Tax payables (Note 19(b)(ii))	28,277	287,595	54,381	370,253
Tax advances (Note 13(a)(i))	(60)	(8,015)	-	(8,075)
	28,217	279,580	54,381	362,178

34. Employee benefits

	Year ended 31/12/2011	Year ended 31/12/10 (restated)
Total number of employees (person)	12,565	11,415
Employees' income		
Total salary and allowance (VND million) (Note 29)	2,768,771	2,359,580
Monthly average income (VND million)	<u>18.36</u>	<u>17.23</u>

35. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Year ended 31/12/2011 VND million	Year ended 31/12/2010 VND million
SBV		
Interest income from deposits with the SBV	49,834	35,773
Interest expense on deposits from the SBV	664,542	33,593
MoF		
Interest income from loans to the MoF	135,349	149,474
Interest expense on deposits from the MoF	19,236	16,760

(b) Significant balances with related parties

	31/12/2011 VND million	31/12/2010 VND million
SBV		
Deposits with the SBV	10,635,584	8,239,815
Deposits and Borrowings from the SBV	18,627,916	5,439,518
MoF		
Loans to MoF	2,831,673	3,089,662
Deposits from MoF	20,238,318	4,637,418
Vietcombank Fund Management		
Trusted investments from the Bank	592,007	528,085

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

36. 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 incomes	29,989,829	6,511,620	16,562,213	14,979	(19,723,908)	33,354,733
2 Interest and similar expenses	(26,819,797)	(4,541,916)	(9,295,547)	(1,250)	19,725,457	(20,933,053)
I Net interest income	3,170,032	1,969,704	7,266,666	13,729	1,549	12,421,680
3 Fee and commission income	1,273,109	135,700	786,162	3,293	(231)	2,198,033
4 Fee and commission expenses	(644,299)	(10,513)	(33,598)	(121)	231	(688,300)
II Net fee and commission income	628,810	125,187	752,564	3,172	-	1,509,733
III Net gain from trading foreign currencies	1,024,975	76,107	78,464	38	-	1,179,584
IV Net (loss)/gain from trading of trading securities	(5,896)	-	-	-	-	(5,896)
V Net gain from sales of investment securities	24,012	-	-	-	-	24,012
5 Other incomes	262,313	47,698	132,657	763	(87,942)	355,489
6 Other expenses	(777,439)	(214,305)	(624,486)	(175)	-	(1,616,405)
VI Net other (expenses)/income	(515,126)	(166,607)	(491,829)	588	(87,942)	(1,260,916)
VII Income from investments in other entities	1,002,574	-	-	-	-	1,002,574
VIII Operating expenses	(3,443,555)	(599,598)	(1,700,997)	(42,080)	86,393	(5,699,837)
IX Profit before provisions and allowances for credit risks	1,885,826	1,404,793	5,904,868	(24,553)	-	9,170,934
X Provisions and allowances for credit risks	(2,450,877)	(397,632)	(624,189)	(831)	-	(3,473,529)
XI Profit before tax	(565,051)	1,007,161	5,280,679	(25,384)	-	5,697,405
7 Income tax expense – current	91,887	(251,790)	(1,320,170)	-	-	(1,480,073)
XII Total income tax expense	91,887	(251,790)	(1,320,170)	-	-	(1,480,073)
XIII Net profit after tax	(473,164)	755,371	3,960,509	(25,384)	-	4,217,332

(*): As at 31 December 2011, Head Office of the Bank which is located in the North has recorded some operating expenses for the whole Bank but not allocated to specific entities of the Bank.

(b) Business segment

	Banking VND million	Non-bank financial institutions VND million	Securities VND million	Others VND million	Elimination VND million	Total VND million
1 Interest and similar income	52,661,189	260,043	105,149	52,260	(19,723,908)	33,354,733
2 Interest and similar expenses	(40,522,960)	(134,001)	(1,549)	-	19,725,457	(20,933,053)
I Net interest income	12,138,229	126,042	103,600	52,260	1,549	12,421,680
3 Fee and commission income	2,157,925	3,293	37,046	-	(231)	2,198,033
4 Fee and commission expenses	(677,690)	(216)	(10,625)	-	231	(688,300)
II Net fee and commission income	1,480,235	3,077	26,421	-	-	1,509,733
III Net gain from trading foreign currencies	1,177,980	2,078	-	(474)	-	1,179,584
IV Net (loss)/gain from trading of trading securities	-	-	(5,896)	-	-	(5,896)
V Net gain from sales of investment securities	48,692	-	(24,680)	-	-	24,012
5 Other income	307,456	10,805	448	124,722	(87,942)	355,489
6 Other expenses	(1,616,218)	(175)	(12)	-	-	(1,616,405)
VI Net other (expenses)/income	(1,308,762)	10,630	436	124,722	(87,942)	(1,260,916)
VII Income from investments in other entities	997,504	-	5,070	-	-	1,002,574
VIII Operating expenses	(5,554,911)	(93,240)	(92,176)	(45,903)	86,393	(5,699,837)
IX Profit before provisions and allowances for credit risks	8,978,967	48,587	12,775	130,605	-	9,170,934
X Provisions and allowances and for credit risks	(3,447,329)	(26,200)	-	-	-	(3,473,529)
XI Profit before tax	5,531,638	22,387	12,775	130,605	-	5,697,405
7 Income tax expense – current	(1,433,350)	(11,943)	(1,926)	(32,854)	-	(1,480,073)
XII Total income tax expense	(1,433,350)	(11,943)	(1,926)	(32,854)	-	(1,480,073)
XIII Net profit after tax	4,098,288	10,444	10,849	97,751	-	4,217,332

37. Disclosure of financial instruments

(a) Disclosure of collaterals

Vietcombank does not hold collateral which it is permitted to sell or repledge in the absence of default by the owner of the collateral.

(b) Disclosure of fair value

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

The following table presents book value and fair value of Vietcombank's financial assets and liabilities as at 31 December 2011:

	Book value					Fair value	
	Held for trading VND million	Held- to maturity VND million	Loans and receivables VND million	Available-for-sale VND million	Recognized at amortised cost VND million	Total of book value (gross) VND million	
						VND million	
Financial assets							
I Cash on hand, gold, silver, gemstones	5,393,766	-	-	-	-	5,393,766	5,393,766
II Balances with the State Bank of Vietnam	10,616,759	-	-	-	-	10,616,759	10,616,759
III Balances with and loans to other credit institutions	-	-	105,019,605	-	-	105,019,605	105,301,590
IV Trading securities	825,372	-	-	-	-	825,372	817,631
V Derivatives and other financial assets	-	-	-	-	-	-	-
VI Loans and advances to customers	-	-	209,417,633	-	-	209,417,633	31,159,509
VII Investment securities	-	3,750,522	-	26,027,134	-	29,777,656	1,953,433
VIII Long-term investments	-	-	-	2,161,359	-	2,161,359	-
X Other financial assets	-	-	3,528,480	-	-	3,528,480	-
	16,835,897	3,750,522	317,965,718	28,188,493	-	366,740,630	
Financial liabilities							
I Deposits and borrowings from the State Bank of Vietnam and other credit institutions	-	-	-	-	86,828,609	86,828,609	87,111,080
II Deposits from customers	-	-	-	-	227,016,854	227,016,854	-
III Derivatives and other financial liabilities	11,474	-	-	-	-	11,474	11,474
V Valuable papers issued	-	-	-	-	2,071,383	2,071,383	-
VI Other financial liabilities	-	-	-	-	18,210,561	18,210,561	15,319,608
	11,474	-	-	-	334,127,407	334,138,881	

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

(c) Risk management policy for financial instruments

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

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

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

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

The Asset and Liability Credit and Operational Risk Committee (ALCO) was established and chaired by the General Director. ALCO members are key directors of the Bank being in-charge of risk management.

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

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

(i) Credit risk

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

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

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

Quality of Vietcombank's maximum exposure amounts to credit risk as at 31 December 2011, excluding collaterals and credit subsidies are as follows:

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and made allowance VND million	Total VND million
Balances with and loans to other credit institutions – gross	104,019,605	-	1,000,000	105,019,605
Balances with other credit institutions	71,822,547	-	-	71,822,547
Loans to other credit institutions	32,197,058	-	1,000,000	33,197,058
Derivatives and other financial assets	-	-	-	-
Loans and advances to customers – gross	173,422,584	928,147	35,066,902	209,417,633
Investment securities – gross	5,052,499	-	881,463	5,933,962
Available-for-sale securities	4,923,732	-	289,456	5,213,188
Held-to-maturity securities	128,767	-	592,007	720,774
Other assets	3,528,480	-	-	3,528,480
	286,023,168	928,147	36,948,365	323,899,680

Description of types and book value of collateral assets held by the Bank as at 31 December 2011 are as follows:

	VND million
Deposits	45,560,503
Valuable papers issued	11,750,827
Real estates	145,556,737
Others	79,572,267
	282,440,334

(ii) Interest rate risk

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

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

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

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

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	Overdue VND million	Free of interest VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 year VND million	Total VND million
Assets									
I Cash on hand, gold, silver, gemstones	-	5,393,766	-	-	-	-	-	-	5,393,766
II Balances with the State Bank of Vietnam	-	-	10,616,759	-	-	-	-	-	10,616,759
III Balances with and loans to other credit institutions – gross	-	-	95,254,039	8,405,556	1,116,201	243,809	-	-	105,019,605
IV Trading securities- gross	-	-	-	-	-	-	825,372	-	825,372
V Derivatives and other financial assets	-	-	-	-	-	-	-	-	-
VI Loans and advances to customers – gross	6,467,615	-	78,056,971	72,079,148	37,809,106	9,899,315	4,200,092	905,386	209,417,633
VII Investment securities – gross	-	-	2,014,710	4,566,352	1,965,051	3,059,432	13,334,170	4,837,941	29,777,656
VIII Long-term investment - gross	-	2,826,344	-	-	-	-	-	-	2,826,344
IX Fixed assets	-	2,605,744	-	-	-	-	-	-	2,605,744
X Other assets – gross	-	6,118,909	-	-	-	-	-	-	6,118,909
Total assets	6,467,615	16,944,763	185,942,479	85,051,056	40,890,358	13,202,556	18,359,634	5,743,327	372,601,788
Liabilities									
I Deposits and borrowings from the State Bank of Vietnam and other credit institutions	-	-	78,888,668	7,214,642	100,200	624,840	259	-	86,828,609
II Deposits from customers	-	15,277	162,907,207	40,503,346	12,235,633	10,080,504	1,274,732	155	227,016,854
III Derivatives and other financial liabilities	-	-	-	-	11,474	-	-	-	11,474
IV Other borrowed funds	-	-	-	-	-	-	-	-	-
V Valuable papers issued	-	-	11,082	801	72	31,762	27,666	2,000,000	2,071,383
VI Other liabilities	-	9,412,029	3,700,000	2,400,000	5,700,000	-	800,000	-	22,012,029
Total liabilities	-	9,427,306	245,506,957	50,118,789	18,047,379	10,737,106	2,102,657	2,000,155	337,940,349
Interest sensitivity gap	6,467,615	7,517,457	(59,564,478)	34,932,267	22,842,979	2,465,450	16,256,977	3,743,172	34,661,439
Cumulative interest sensitivity gap	6,467,615	13,985,072	(45,579,406)	(10,647,139)	12,195,840	14,661,290	30,918,267	34,661,439	

(iii) Currency risk

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

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

	VND VND million	USD VND million	EUR VND million	Gold VND million	Other currencies VND million	Total VND million
Assets						
I Cash on hand, gold and gemstones	3,470,331	879,160	245,720	587,919	210,636	5,393,766
II Balances with the State Bank of Vietnam	5,410,490	5,206,269	-	-	-	10,616,759
III Balances with and loans to other credit institutions - gross	40,757,528	57,453,464	3,110,731	-	3,697,882	105,019,605
IV Trading securities - gross	825,372	-	-	-	-	825,372
V Derivatives and other financial assets	-	-	-	-	-	-
VI Loans and advances to customers - gross	137,110,123	70,373,425	1,839,212	-	94,873	209,417,633
VII Investment securities - gross	29,219,215	558,441	-	-	-	29,777,656
VIII Long-term investments - gross	2,826,344	-	-	-	-	2,826,344
IX Fixed assets	2,602,320	-	-	-	3,424	2,605,744
X Other assets - gross	5,798,689	212,340	869	-	107,011	6,118,909
Total assets	228,020,412	134,683,099	5,196,532	587,919	4,113,826	372,601,788
Liabilities						
I Deposits and borrowings from the State Bank of Vietnam and other credit institutions	17,535,811	65,385,166	1,801,130	-	2,106,502	86,828,609
II Deposits from customers	156,397,835	65,830,269	3,255,857	-	1,532,893	227,016,854
III Derivatives and other financial liabilities	(668,432)	444,764	(210,391)	-	445,533	11,474
IV Other borrowed funds	-	-	-	-	-	-
V Valuable papers issued	2,032,084	38,111	1,188	-	-	2,071,383
VI Other liabilities	19,968,359	704,417	(71,200)	-	1,410,453	22,012,029
Total liabilities	195,265,657	132,402,727	4,776,584	-	5,495,381	337,940,349
FX position on balance sheet	32,754,755	2,280,372	419,948	587,919	(1,381,555)	34,661,439
FX position off balance sheet	49,463,590	(2,593,337)	10,999	-	1,225,006	48,106,258
FX position on and off-balance sheet	82,218,345	(312,965)	430,947	587,919	(156,549)	82,767,697

(iv) *Liquidity risk*

Liquidity risk occurs where the Bank fails to realize its financial commitments with customers or counterparties due to unavailability of funds or liquidity.

The maturity of monetary 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 the Bank's maturity analysis:

- Balance with the SBV are considered as current accounts including the compulsory deposits;
- The maturity of investment securities is based on redemption dates of each securities established by the issuers of these financial instruments;
- The maturities of amounts due from other banks and loans and advances to customers are based on the contractual maturity date. The actual maturity sometimes varies from the original contractual term when the contract is extended;
- The maturity of equity investments is considered to be over one year as equity investments have no stated maturity;
- Amounts due to other banks and owed to customers are determined based on either the nature of the amount or their contractual agreements. For example, Vostro accounts and current accounts paid upon customers' demand are considered to be current, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

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	Overdue over 3 months VND million	Overdue up to 3 months VND million	Up to 1 month VND million	From 1 to 3 month VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets								
I Cash on hand, gold and gemstones	-	-	5,393,766	-	-	-	-	5,393,766
II Balances with the State Bank of Vietnam	-	-	10,616,759	-	-	-	-	10,616,759
III Balances with and loans to other credit institutions – gross	-	-	93,685,875	8,427,556	1,356,362	1,541,311	8,501	105,019,605
IV Trading securities – gross	-	-	-	-	-	825,372	-	825,372
V Derivatives and other financial assets	-	-	-	-	-	-	-	-
VI Loans and advances to customers – gross	3,491,277	2,985,381	13,665,611	39,999,297	81,929,707	50,535,474	16,810,886	209,417,633
VII Investment securities – gross	-	-	2,014,710	4,566,352	5,024,483	13,334,170	4,837,941	29,777,656
VIII Long-term investments – gross	-	-	-	-	-	-	2,826,344	2,826,344
IX Fixed assets	-	-	-	-	-	-	2,605,744	2,605,744
X Other assets – gross	-	-	21,471	6,097,438	-	-	-	6,118,909
Total assets	3,491,277	2,985,381	125,398,192	59,090,643	88,310,552	66,236,327	27,089,416	372,601,788

Liabilities								
I Deposits and borrowings from the State Bank of Vietnam and other credit institutions	-	-	63,137,777	2,920,026	10,022,306	10,748,500	-	86,828,609
II Deposits from customers	-	-	115,707,258	56,102,902	40,485,538	8,397,867	6,323,289	227,016,854
III Derivatives and other financial liabilities	-	-	-	-	11,474	-	-	11,474
IV Other borrowed funds	-	-	-	-	-	-	-	-
V Valuable papers issued	-	-	11,082	801	31,835	27,665	2,000,000	2,071,383
VI Other liabilities	-	-	3,743,960	11,768,069	5,700,000	800,000	-	22,012,029
Total liabilities	-	-	182,600,077	70,791,798	56,251,153	19,974,032	8,323,289	337,940,349

Net liquidity gap	3,491,277	2,985,381	(57,201,885)	(11,701,155)	32,059,399	46,262,295	18,766,127	34,661,439
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38. Comparative figures

The comparative figures for the consolidated balance sheet, consolidated statement of income and consolidated statement of cash flows as at 31 December, 2011 and for the period from 1 January 2011 to 31 December 2011 were restated according to the results of State Audit's report on Vietcombank's financial statements for the year 2010.

The following table shows the comparative figures restated according to the State Audit's results:

	Note	31/12/2010 (as previously stated) VND million	31/12/2010 (adjustments) VND million	31/12/2010 (restated) VND million
Balance sheet				
Allowance for loans and advances to customers	8	(5,689,082)	116,494	(5,572,588)
Tangible fixed assets	11	1,178,724	89	1,178,813
<i>Cost</i>		3,539,200	102	3,539,302
<i>Accumulated depreciation</i>		(2,360,476)	(13)	(2,360,489)
Receivables	13(a)	1,919,777	459	1,920,236
Accrued interest and fee receivables	13(b)	2,349,959	8,206	2,358,165
Accrued interest and fee payables	19(a)	2,637,441	2,519	2,639,960
Other liabilities	19(b)	5,124,795	56,009	5,180,804
Provisions for contingent liabilities and off- balance sheet commitments	19(c)	1,009,731	(530)	1,009,201
Retained earnings	20	4,651,984	67,250	4,719,234
Off- balance sheet items				
Other guarantees		15,630,554	(29,202)	15,601,352
Statement of income				
Interest and similar income	21	20,580,638	6,851	20,587,489
Fee and commission income	23	1,918,540	(1,164)	1,917,376
Other income	26	724,527	325	724,852
Operating expenses	28	(4,544,416)	(33,369)	(4,577,785)
Provisions and allowances for credit risks	29	(1,501,207)	117,024	(1,384,183)
Income tax expense – current	30	(1,243,391)	(22,417)	(1,265,808)

39. Subsequent events

The issuance of 347,612,562 ordinary shares (equivalent 15% of the Bank's charter capital after the issuance) (issue price: VND34,000 per share) to the foreign strategic shareholder, Mizuho Corporate Bank, Ltd was approved by the SBV in the Official Letter No. 7416/NHNN-TTGSNH dated 22 September 2011 and decided by the Bank's Board of Directors in the Resolution No. 204/NQ-NHNT.HDQT dated 30 September 2011. On 9 January 2012, the Bank has completed the private sale of shares to the foreign strategic shareholder, Mizuho Corporate Bank, Ltd. According to the Business Licence No. 0100112437 which was renewed for the seventh time on 10 January 2012, the Bank's charter capital is VND23,174,170,760,000. The par value of a share is VND10,000.

On 10 February 2012, the Bank has informed the final list of its shareholders eligible for advance of dividends of 2011 in cash with the pay-out ratio of 12% which is equivalent to VND1,200/share.

40. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Management on 15 March 2012.

Prepared by:

Nguyen Thi Thu Huong



Deputy Head of Financial
and Accounting Policy Department

Phung Nguyen Hai Yen



Chief Accountant

Approved by:

Nguyen Danh Luong



Deputy General Director