

Joint Stock Commercial Bank for Foreign Trade of Vietnam

Interim consolidated financial statements

for the period from 1 January 2013 to 30 June 2013
and for the period from 1 April 2013 to 30 June 2013



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Joint Stock Commercial Bank for Foreign Trade of Vietnam

GENERAL INFORMATION

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

Business Registration Certificate Business Registration Certificate No. 0100112437 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment was renewed for the first time on 6 September 2010, for the seventh time on 10 January 2012 and for the eighth time on 1 August 2013.

Members of the Board of Directors at the issue date of the interim consolidated financial statements

Mr. Nguyen Hoa Binh	Chairman	Appointed on 23 May 2008
Mr. Nguyen Phuoc Thanh	Member	Appointed on 23 May 2008
Ms. Le Thi Hoa	Member	Appointed on 23 May 2008
Ms. Le Thi Kim Nga	Member	Appointed on 23 May 2008
		Resigned on 25 April 2013
Mr. Nguyen Dang Hong	Member	Appointed on 2 April 2012
Mr. Nguyen Danh Luong	Member	Appointed on 2 April 2012
Mr. Yutaka Abe	Member	Appointed on 2 April 2012
Mr. Le Duc Cu	Member	Appointed on 2 April 2012
		Resigned on 25 April 2013
Mr. Nghiem Xuan Thanh	Member	Appointed on 25 April 2013
Mr. Pham Quang Dung	Member	Appointed on 25 April 2013
Ms. Nguyen Thi Dung	Member	Appointed on 25 April 2013
Ms. Nguyen Thi Kim Oanh	Member	Appointed on 25 April 2013

Members of the Board of Management at the issue date of the interim consolidated financial statements

Mr. Nguyen Phuoc Thanh	Chief Executive Officer	Appointed on 23 May 2008
		Resigned on 26 July 2013
Mr. Nghiem Xuan Thanh	Chief Executive Officer	Appointed on 26 July 2013
Mr. Nguyen Van Tuan	Deputy CEO	Appointed on 2 June 2008
Mr. Dao Minh Tuan	Deputy CEO	Appointed on 2 June 2008
Mr. Pham Quang Dung	Deputy CEO	Appointed on 2 June 2008
Mr. Nguyen Danh Luong	Deputy CEO	Appointed on 1 August 2009
Mr. Dao Hao	Deputy CEO	Appointed on 1 August 2010
Mr. Pham Thanh Ha	Deputy CEO	Appointed on 1 August 2010
Mr. Yukata Abe	Deputy CEO	Appointed on 31 March 2013
Ms. Truong Thi Thuy Nga	Deputy CEO	Appointed on 1 December 2012

Members of the Supervisory Board at the issue date of the interim consolidated financial statements

Ms. Truong Le Hien	Head of Supervisory Board	Appointed on 2 June 2008
Ms. La Thi Hong Minh	Member	Appointed on 2 June 2008
Ms. Do Thi Mai Huong	Member	Appointed on 2 June 2008
Ms. Vu Thi Bich Van	Member	Appointed on 22 April 2011
Mr. Lai Huu Phuoc	Member	Appointed on 25 April 2013

Joint Stock Commercial Bank for Foreign Trade of Vietnam

GENERAL INFORMATION (continued)

Chief Accountant	Ms. Phung Nguyen Hai Yen Appointed on 16 June 2011
Legal Representative	From 1 January 2013 to 25 July 2013 Mr. Nguyen Phuoc Thanh Title: Chief Executive Officer
	From 26 July 2013 Mr. Nghiem Xuan Thanh Title: Chief Executive Officer
The Bank's Head Office	198 Tran Quang Khai Street Hoan Kiem District, Hanoi, Vietnam
The Bank's auditors	Ernst & Young Vietnam Limited

Joint Stock Commercial Bank for Foreign Trade of Vietnam

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") is responsible for preparing and presenting the interim consolidated financial statements of the Bank and its subsidiaries for the period from 1 January 2013 to 30 June 2013.

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

The Board of Management of the Bank is responsible for ensuring that the interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Bank and its subsidiaries as at 30 June 2013, and of the interim consolidated results of their operations and their interim consolidated cash flows for the period from 1 January 2013 to 30 June 2013, in all material aspects, in accordance with Vietnamese Accounting Standards ("VAS"), the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and comply with relevant statutory requirements. In preparing these interim consolidated financial statements, the Board of Management is required to:

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

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

The Board of Management of the Bank confirmed that it has complied with the above requirements in preparing the accompanying interim consolidated financial statements.

Statement by the Board of Management

The Board of Management does hereby state that, in its opinion, the interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Bank and its subsidiaries as at 30 June 2013 and of the interim consolidated results of their operations and their interim consolidated cash flows for the period from 1 January 2013 to 30 June 2013, in all material aspects, in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and comply with relevant statutory requirements.

For and on behalf of the Board of Management:



Mr. Nguyễn Danh Luong
Deputy Chief Executive Officer

Hanoi, 14 August 2013

Reference: 61039047/16470013

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam and its subsidiaries as set out on pages 5 to 53, which comprise the interim consolidated balance sheet as at 30 June 2013, the interim consolidated income statement and the interim consolidated statement of cash flows for the period from 1 January 2013 to 30 June 2013 and the notes thereto.

The preparation and presentation of these interim consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with the Vietnamese Auditing Standard No. 910 – Engagements to review financial statements. This standard requires that we plan and perform the review to obtain moderate assurance to determine whether the interim consolidated financial statements are free from material misstatement. A review is limited primarily to inquiries of the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements, in all material respects, do not give a true and fair view of the interim consolidated financial position of the Bank and its subsidiaries as at 30 June 2013, the interim consolidated results of their operation and their interim consolidated cash flows for the period from 1 January 2013 to 30 June 2013 in accordance with Vietnamese Accounting Standards and the Accounting System for Credit Institutions and comply with relevant statutory requirements.



Ernst & Young Vietnam Limited

Mr. Nguyen Xuan Dai
Deputy General Director
Audit Practicing Registration Certificate
No. 0452-2013-004-1

Ho Chi Minh City, Vietnam

14 August 2013

Ms. Hoang Thi Hong Minh
Auditor
Audit Practicing Registration Certificate
No. 0761-2013-004-1

Joint Stock Commercial Bank for Foreign Trade of Vietnam
Form B02a/TCTD-HN
(Issued in accordance with Decision
No. 16/2007/QĐ-NHNN dated 18 April
2007 of the Governor of the SBV)
INTERIM CONSOLIDATED BALANCE SHEET

as at 30 June 2013

	Note	30/6/2013 VND million	31/12/2012 VND million
A ASSETS			
I Cash on hand, gold, silver and gemstones		5,231,973	5,627,307
II Balances with the State Bank of Vietnam		26,279,109	15,732,095
III Balances with and loans to other credit institutions		100,030,235	65,712,726
1 Balances with other credit institutions		86,231,895	60,509,084
2 Loans to other credit institutions		13,917,659	5,320,515
3 Allowance for loans to other credit institutions		(119,319)	(116,873)
IV Trading securities	4	116,353	520,876
1 Trading securities		117,542	521,239
2 Allowance for diminution in the value of trading securities		(1,189)	(363)
VI Loans and advances to customers		231,636,362	235,869,977
1 Loans and advances to customers	5	237,612,613	241,162,675
2 Allowance for loans and advances to customers	6	(5,976,251)	(5,292,698)
VII Investment securities	7	60,880,619	78,521,304
1 Available-for-sale securities		52,816,513	73,945,195
2 Held-to-maturity securities		8,318,924	4,843,173
3 Allowance for diminution in the value of investment securities		(254,818)	(267,064)
VIII Long-term investments		3,066,704	3,020,788
1 Investments in joint-ventures	8(a)	717,892	719,266
2 Investments in associates	8(b)	17,306	13,966
3 Other long-term investments		2,368,744	2,324,794
4 Allowance for diminution in the value of long-term investments		(37,238)	(37,238)
IX Fixed assets		3,462,996	3,659,582
1 Tangible fixed assets		2,163,942	2,304,003
a Cost		5,585,131	5,471,618
b Accumulated depreciation		(3,421,189)	(3,167,615)
2 Intangible fixed assets		1,299,054	1,355,579
a Cost		1,659,595	1,676,224
b Accumulated amortization		(360,541)	(320,645)
XI Other assets		5,766,271	5,810,418
1 Receivables		2,876,331	1,566,149
2 Accrued interest and fee receivables		2,555,824	3,436,613
3 Other assets		334,116	807,656
TOTAL ASSETS		436,470,622	414,475,073

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
Form B02a/TCTD-HN
*(Issued in accordance with Decision
No. 16/2007/QĐ-NHNN dated 18 April
2007 of the Governor of the SBV)*
**INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2013 (continued)**

	Note	30/6/2013 VND million	31/12/2012 VND million
B LIABILITIES AND SHAREHOLDERS' EQUITY			
I Amounts due to the Government and the State Bank of Vietnam	9	27,209,948	24,806,433
II Deposits and borrowings from other credit institutions	10	42,490,878	34,066,352
1 Deposits from other credit institutions		34,158,621	16,963,858
2 Borrowings from other credit institutions		8,332,257	17,102,494
III Deposits from customers	11	304,811,711	284,414,568
IV Derivatives and other financial liabilities		227,694	5,461
VI Valuable papers issued	12	2,020,344	2,027,567
VII Other liabilities		18,940,675	27,449,714
1 Accrued interest and fee payables		4,021,820	3,454,890
2 Deferred tax liabilities		15,020	53,607
3 Other liabilities	13	14,236,102	23,364,269
4 Provision for contingent liabilities and off-balance sheet commitments	13	667,733	576,948
TOTAL LIABILITIES		395,701,250	372,770,095
VIII Capital and reserves			
1 Capital		32,420,728	32,420,728
a Chartered capital		23,174,171	23,174,171
b Share premium		9,201,397	9,201,397
c Other capital		45,160	45,160
2 Reserves		2,811,938	2,793,880
3 Foreign exchange differences		(7,768)	121,228
4 Asset revaluation differences		71,001	72,800
5 Retained profits		5,306,742	6,144,427
a Previous years' retained profits		3,330,597	3,058,026
b Current year's retained profits		1,976,145	3,086,401
TOTAL SHAREHOLDERS' EQUITY	14(a)	40,602,641	41,553,063
IX Minority interests		166,731	151,915
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		436,470,622	414,475,073

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2013 (continued)

Form B02a/TCTD-HN
(Issued in accordance with Decision
No. 16/2007/QĐ-NHNN dated 18 April
2007 of the Governor of the SBV)

	Note	30/6/2013 VND million	31/12/2012 VND million
No. OFF-BALANCE SHEET ITEMS			
I Contingent liabilities			
1 Credit guarantees		32,654	19,400
2 Letters of credit		37,592,157	29,674,606
3 Other guarantees		15,827,363	17,353,819
II Commitments			
1 Other commitments		41,104	364,982
		53,493,278	47,412,807

Hanoi, 14 August 2013

Prepared by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen



Deputy Director of
Accounting Policy Department



Chief Accountant

Approved by:

Mr. Nguyen Danh Luong



Deputy CEO

INTERIM CONSOLIDATED INCOME STATEMENT
for the period from 1 January 2013 to 30 June 2013

	Note	Quarter II		Cumulative year-to-date	
		Current year VND million	Previous year VND million	Current year VND million	Previous year VND million
1 Interest and similar income	15	7,190,258	7,861,080	14,570,980	16,611,139
2 Interest and similar expenses	16	(4,637,657)	(5,406,284)	(9,427,513)	(10,856,331)
I Net interest income		2,552,601	2,454,796	5,143,467	5,754,808
3 Fee and commission income		668,821	674,057	1,284,837	1,024,921
4 Fee and commission expenses		(280,824)	(186,940)	(514,321)	(367,754)
II Net fee and commission income		387,997	487,117	770,516	657,167
III Net gain from trading foreign currencies		378,028	289,444	854,422	642,221
IV Net gain from trading securities		6,961	9,714	13,440	32,151
V Net gain from investment securities		37,783	1,551	88,736	1,551
5 Other income		162,565	74,831	207,669	178,085
6 Other expenses		(34,657)	(69,450)	(61,182)	(98,967)
VI Net other income		127,908	5,381	146,487	79,118
VII Net income from investments in associates and joint-ventures	17	93,552	92,709	173,425	278,153
TOTAL OPERATING INCOME		3,584,830	3,340,712	7,190,493	7,445,169
VIII TOTAL OPERATING EXPENSES	18	(1,280,166)	(1,068,898)	(2,612,931)	(2,487,909)
IX Net profit before provisions for credit losses		2,304,664	2,271,814	4,577,562	4,957,260
X Provisions for credit losses		(1,166,802)	(1,089,349)	(1,974,409)	(2,039,737)
XI PROFIT BEFORE TAX		1,137,862	1,182,465	2,603,153	2,917,523

INTERIM CONSOLIDATED INCOME STATEMENT
for the period from 1 January 2013 to 30 June 2013 (continued)

	Note	Quarter II		Cumulative year-to-date	
		Current year VND million	Previous year VND million	Current year VND million	Previous year VND million
7 Current Corporate Income Tax expenses		(270,643)	(272,231)	(618,713)	(660,404)
XII Corporate Income Tax expenses		(270,643)	(272,231)	(618,713)	(660,404)
XIII PROFIT AFTER TAX		867,219	910,234	1,984,440	2,257,119
XIV Minority interest		(3,525)	(3,413)	(8,295)	(8,430)
XVI NET PROFIT		863,694	906,821	1,976,145	2,248,689
XV Earnings per share (VND)	19	374	394	853	977

Hanoi, 14 August 2013

Prepared by:

Ms. Nguyen Thi Thu Huong



Deputy Director of
Accounting Policy Department

Ms. Phung Nguyen Hai Yen



Chief Accountant

Approved by:

Mr. Nguyen Danh Luong



Deputy CEO

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
for the period from 1 January 2013 to 30 June 2013

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

	Note	Period from 1/1/2013 to 30/6/2013 VND million	Period from 1/1/2012 to 30/6/2012 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
1 Interest and similar receipts		15,226,805	17,118,533
2 Interest and similar payments		(8,862,865)	(10,645,831)
3 Fee and commission receipts		770,516	657,167
4 Net receipts from foreign currencies, gold and securities trading		945,179	709,435
5 Other income receipts/(expense payments)		30,175	(11,827)
6 Receipts from recovery of bad debts previously written off		115,546	90,358
7 Payments to employees and for other operating activities		(2,362,041)	(2,332,536)
8 Income tax paid		(589,846)	(736,583)
Net cash flows from operating activities before changes in operating assets and working capital		5,273,469	4,848,716
Changes in operating assets			
9 Balances with and loans to other credit institutions		(1,250,718)	(4,714,787)
10 Trading securities		(4,967,736)	(15,256,855)
11 Loans and advances to customers		3,550,062	(6,091,292)
12 Utilization of allowance for loans and advances to customers	6	(1,142,103)	(69,674)
13 Other operating assets		(992,874)	(941,093)
Changes in operating liabilities			
14 Amounts due to the Government and the SBV		592,227	(7,126,580)
15 Deposits and borrowings from other credit institutions		8,424,525	(600,466)
16 Deposits from customers (including the State Treasury)		22,208,431	15,613,558
17 Valuable papers issued		(7,224)	(5,288)
18 Derivatives and other financial liabilities		222,233	187,467
19 Other liabilities		(8,790,949)	5,415,062
20 Payments from reserves		(176,896)	(83,875)
I Net cash flows generated from/(used in) operating activities		22,942,447	(8,825,107)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
for the period from 1 January 2013 to 30 June 2013 (continued)

	Note	Period from 1/1/2013 to 30/6/2013 VND million	Period from 1/1/2012 to 30/6/2012 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
1		(96,884)	(183,619)
2		1,040	980
3		(274)	(393)
4		(48,950)	(252,422)
5		5,000	17,840
6		174,324	266,264
7		752	-
II		35,008	(151,350)
CASH FLOWS FROM FINANCING ACTIVITIES			
1		-	3,476,126
2		-	8,205,445
3	14	(2,780,901)	(2,363,765)
III		(2,780,901)	9,317,806
IV		20,196,554	341,349
V	20	120,707,847	125,530,390
VII	20	140,904,401	125,871,739

Hanoi, 14 August 2013

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Mr. Nguyen Danh Luong

*Deputy Director of
Accounting Policy Department*

Chief Accountant

Deputy CEO

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January 2013 to 30 June 2013

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

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

1. Reporting Entity

(a) Establishment and operations

Joint Stock Commercial Bank for Foreign Trade of Vietnam was established upon the transformation from a state-owned commercial bank following the approval of the Prime Minister on the equitization plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Banking Licence No. 138/GP-NHNN dated 23 May 2008 by the State Bank of Vietnam for a period of 99 years and Business Registration Certificate No. 0103024468 dated 2 June 2008 by Hanoi Authority for Planning and Investment, and the Business Registration Certificate No. 0100112437 renewed for the seventh time on 10 January 2012 and for the eighth time on 1 August 2013.

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

(b) Chartered capital

Under Banking Licence No. 138/GP-NHNN dated 23 May 2008 issued by the SBV and Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, the Bank's chartered capital was VND12,100,860,260,000. As at 30 June 2013, under Business Registration Certificate No. 0100112437 which was renewed for the seventh time on 10 January 2012 and for the eighth time on 1 August 2013, the Bank's chartered capital was VND23,174,170,760,000. The face value per share is VND10,000.

	30/6/2013		31/12/2012	
	Number of shares	%	Number of shares	%
Shares owned by the State of Vietnam	1,787,023,116	77.10%	1,787,023,116	77.10%
Shares owned by the foreign strategic shareholder (Mizuho Corporate Bank, Ltd., Japan)	347,612,562	15.00%	347,612,562	15.00%
Shares owned by other shareholders	182,781,398	7.90%	182,781,398	7.90%
	2,317,417,076	100%	2,317,417,076	100%

(c) Location and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 30 June 2013, the Bank had one (1) Head Office, one (1) Operation Centre, one (1) Training Centre and seventy eight (78) 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".

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January 2013 to 30 June 2013 (continued)

1. Reporting Entity (continued)

(d) Subsidiaries, joint-ventures and associates

Subsidiaries

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January 2013 to 30 June 2013 (continued)

1. Reporting Entity (continued)

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

Joint-ventures

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

Associates

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

(e) Number of employees

As at 30 June 2013, Vietcombank had 13,949 employees (as at 31 December 2012: 13,637 employees).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January 2013 to 30 June 2013 (continued)

2. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

The interim consolidated financial statements presented in Vietnamese Dong ("VND") and rounded to the nearest million ("VND million"), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV and relevant statutory requirements. The Bank also prepares the interim separate financial statements for the period from 1 January 2013 to 30 June 2013.

The interim consolidated financial statements, except for the interim consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The interim consolidated statement of cash flows is prepared using the direct method. Except for items presented in Note 2(c), Vietcombank has applied the accounting policies consistently for the fiscal year ended 31 December 2012 and for the period from 1 January 2013 to 30 June 2013.

(b) Fiscal year

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

(c) Foreign currency transactions

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

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

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL
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for the period from 1 January 2013 to 30 June 2013 (continued)

2. Summary of significant accounting policies (continued)

(d) Consolidation

(i) Subsidiaries

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

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

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

(ii) Associates and joint-ventures

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

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

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

(e) Cash and cash equivalents

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL
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for the period from 1 January 2013 to 30 June 2013 (continued)

*(Issued in accordance with
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2. Summary of significant accounting policies (continued)

(f) Investments

(i) Trading securities

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

(ii) Investment securities

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

Available-for-sale investment securities

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

Held-to-maturity investment securities

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

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

(iii) Long-term investments

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL
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for the period from 1 January 2013 to 30 June 2013 (continued)

(Issued in accordance with
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the Governor of the SBV)

2. Summary of significant accounting policies (continued)

(g) Loans and advances to customers

(i) Loans and advances to customers

Loans and advances to customers are stated on the interim consolidated balance sheet at the principal amounts outstanding at the date of the interim consolidated financial statements.

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

(ii) Specific allowance for credit risk

In accordance with Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by the SBV ("Decision 493"), which was amended and supplemented by Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 issued by the SBV ("Decision 18"), specific allowance for credit risk is calculated based on the loan grading and corresponding allowance rates against the principal outstanding less allowed value of collateral at 30 June 2013 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 based on both qualitative and quantitative factors. This rating and classification methodology was approved by the SBV to be effective from 1 January 2010 in Official Letter No.3937/NHNN-TTGSNN dated 27 March 2010.

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

(iii) General allowance for credit risk

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

(iv) Bad debt written-off

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January 2013 to 30 June 2013 (continued)

*(Issued in accordance with**Decision No. 16/2007/QĐ-**NHNN dated 18 April 2007 of**the Governor of the SBV)***2. Summary of significant accounting policies (continued)****(h) Provision for off-balance sheet commitments**

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

In addition, Vietcombank is required to make a general provision of 0.75% of total irrevocable outstanding letters of guarantee, letters of credit, and commitment of financing to customers as at the interim consolidated balance sheet date.

(i) Repurchase and reverse repurchase agreements

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

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

(j) Tangible fixed assets**(i) Cost**

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January 2013 to 30 June 2013 (continued)

(Issued in accordance with

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the Governor of the SBV)

2. Summary of significant accounting policies (continued)

(j) Tangible fixed assets (continued)

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

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

This Circular shall be applied from the fiscal year 2013 onwards.

(ii) Depreciation

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

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

(k) Intangible fixed assets

(i) Land use rights

Land use rights represent the land being transferred upon payments of land use fees. According to Circular No. 45/2013/TT-BTC dated 23 April 2013, the rights to use the land leased before the effective date of the Law on Land 2003, for which the rent was fully paid or paid in advance for at least 5 years since the interim consolidated balance sheet date, and for which certificates of land use rights were granted by the competent authority, would be classified as intangible fixed assets.

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 the Circular No. 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 amortized.

In accordance with Circular No. 123/2012/TT-BTC dated 27 July 2012 by the Ministry of Finance, effective from 10 September 2012, applied since 2012, value of term land use rights participating in business and production activities shall be amortized to deductible expenses by the time limit stated in the certificate of land use right.

(ii) Other intangible fixed assets

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

2. Summary of significant accounting policies (continued)

(l) Deposits from customers and certificates of deposits

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

(m) Valuable papers issued

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

(n) Provision for severance allowance

Under the Vietnamese Labor Code, when employees who have worked for the Bank and its subsidiaries in Vietnam for 12 months or more ("eligible employees") voluntarily terminate their labor contracts, the employer is required to pay the eligible employees severance allowance calculated on years of service and the employees' compensation at their termination. Provision for severance allowance had been provided at 3% of the basic salary fund which was used for calculating Social Insurance contribution of the Bank and its subsidiaries in Vietnam.

Pursuant to the Law on Social Insurance, effective from 1 January 2009, the Bank, its subsidiaries in Vietnam and their employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the 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.

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

(o) Capital and reserves

(i) Ordinary shares

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

(ii) Share premium

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

(iii) Treasury shares

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL
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for the period from 1 January 2013 to 30 June 2013 (continued)

*(Issued in accordance with
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2. Summary of significant accounting policies (continued)

(o) Capital and reserves (continued)

(iv) Reserves

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

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

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

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

Vietcombank Securities Company Limited appropriates reserves in accordance with the Circular No. 24/2007/TT-BTC issued by the Ministry of Finance on 27 March 2007.

(p) Revenue and expenses

(i) Interest income and interest expenses

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

Interest expenses are recorded on an accrual basis.

(ii) Fees, commissions and dividend income

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

(iii) Dividends received in the form of shares

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

(iv) Uncollectible income

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

for the period from 1 January 2013 to 30 June 2013 (continued)

2. Summary of significant accounting policies (continued)

(q) Operating lease

(i) Lessee

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

(ii) Lessor

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

(r) Taxation

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

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

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

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

(s) Related parties

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

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

2. Summary of significant accounting policies (continued)

(t) Segment reporting

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

(u) Off-balance sheet items

(i) Foreign exchange contracts

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

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate, with cash settlement. Forward contracts are recorded at nominal values at transaction dates, and are subsequently revaluated at the end date of the accounting period. The difference on revaluation is recognized under "Foreign exchange differences" in the equity section (see Note 2(c)).

Swap contracts are commitments to settle in cash at a future date, based on differences between specified exchange rates, calculated on the notional principal amount. Swap contracts are subsequently revaluated at the end date of the accounting period, and the difference on revaluation is recognized under "Foreign exchange differences" in the equity section (see Note 2(c)).

(ii) Commitments and contingent liabilities

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January 2013 to 30 June 2013 (continued)

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

2. Summary of significant accounting policies (continued)

(v) Other receivables

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

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

(w) Offsetting

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

(x) Earnings per share

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

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

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

Financial assets of Vietcombank mainly include:

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

Financial liabilities of Vietcombank mainly include:

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

(a) Classification of financial assets and liabilities

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

Financial assets are classified as follows:

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

Financial liabilities are classified as follows:

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

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

(b) Recognition

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

(c) Derecognition

A financial asset is derecognized when, and only when, contractual rights to receive the cash flows from the asset are removed or transferred, or all of the risks and rewards of ownership of the asset are transferred. A financial liability should be removed from the interim consolidated balance sheet when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired.

(d) Measurement and disclosures of fair value

In accordance with the Circular No. 210/2009/TT-BTC, Vietcombank should disclose the fair value of financial assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as presented in Notes 23.

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting Note 23. The financial instruments of Vietcombank are still recognized and recorded in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and relevant statutory requirements as described in the notes above.

Fair value is the amount for which an asset could be exchanged, or a liability settled, among 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 the 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 determines fair value using valuation techniques. The chosen valuation technique comprises 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-return factors inherent in the financial instrument.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January 2013 to 30 June 2013 (continued)

4. Trading securities

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

	30/6/2013	31/12/2012
	VND million	VND million
Equity securities	42,210	11,569
Listed	41,859	11,223
Unlisted	351	346
Debt securities	75,332	509,670
Listed	75,332	509,670
Unlisted	-	-
	117,542	521,239
Allowance for diminution in value of trading securities	(1,189)	(363)
	116,353	520,876

5. Loans and advances to customers

	30/6/2013	31/12/2012
	VND million	VND million
Loans to local corporations and individuals	234,385,983	237,669,404
Discounted bills and valuable papers	1,648,952	1,957,783
Financial leases	1,412,895	1,346,346
Loans given to make payments on behalf of customers	22,513	17,822
Loans to foreign individuals and enterprises	23,347	43,224
Frozen loans	118,923	128,096
	237,612,613	241,162,675

Loan portfolio by loan group was as follows:

	30/6/2013	31/12/2012
	VND million	VND million
Current	199,838,251	201,798,721
Special mentioned	31,087,760	33,572,647
Sub-standard	3,384,484	3,126,126
Doubtful	1,075,139	1,213,720
Loss	2,226,979	1,451,461
	237,612,613	241,162,675

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January 2013 to 30 June 2013 (continued)

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

5. Loans and advances to customers (continued)

Loan portfolio by term was as follows:

	30/6/2013	31/12/2012
	VND million	VND million
Short-term	147,166,200	149,536,983
Medium-term	25,621,762	25,093,195
Long-term	64,824,651	66,532,497
	237,612,613	241,162,675

6. Allowance for loans and advances to customers

	30/6/2013	31/12/2012
	VND million	VND million
General allowance	1,765,451	1,734,769
Specific allowance	4,210,800	3,557,929
	5,976,251	5,292,698

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

	Period from 1/1/2013 to 30/6/2013 VND million	Year ended 31/12/2012 VND million
Opening balance	1,734,769	1,464,435
Allowance made during the period	28,866	270,334
Foreign exchange difference	1,816	-
Closing balance	1,765,451	1,734,769

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

	Period from 1/1/2013 to 30/6/2013 VND million	Year ended 31/12/2012 VND million
Opening balance	3,557,929	3,863,719
Allowance made during the period	1,794,690	3,277,270
Allowance utilized for writing off bad debts	(1,142,103)	(3,583,060)
Foreign exchange difference	284	-
Closing balance	4,210,800	3,557,929

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January 2013 to 30 June 2013 (continued)

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

7. Investment securities

	30/6/2013 VND million	31/12/2012 VND million
Available-for-sale securities		
Debt securities	52,632,347	73,715,756
Equity securities	184,166	229,439
Allowance for diminution in value of available-for-sale securities	(248,958)	(261,204)
	52,567,555	73,683,991
Held-to-maturity securities		
Debt securities	7,803,213	4,327,462
Investments trusted to local entities	515,711	515,711
Allowance for diminution in value of investments trusted to local entities	(5,860)	(5,860)
	8,313,064	4,837,313
	60,880,619	78,521,304

8. Long-term investments

(a) Investments in joint-ventures

As at 30 June 2013

	Business sector	% share- holding	At cost VND million	Book value VND million
Vietcombank - Bonday - Ben Thanh Company Limited	Office leasing	52%	351,615	390,527
Vietcombank Fund Management Company	Investment fund management	51%	28,050	37,997
Vietcombank - Cardif Life Insurance Company Limited	Life insurance	45%	270,000	289,368
			649,665	717,892

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for the period from 1 January 2013 to 30 June 2013 (continued)

8. Long-term investments (continued)

(a) Investments in joint-ventures (continued)

As at 31 December 2012

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

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

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

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8. Long-term investments (continued)

(b) Investments in associates

As at 30 June 2013

	Business sector	% share- holding	At cost VND million	Book value VND million
Vietcombank Bonday Limited	Office leasing	16%	11,110	13,094
Vietcombank Partners Fund 1	Investment fund	11%	6,600	4,212
			17,710	17,306

As at 31 December 2012

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

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

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

	30/6/2013 VND million	31/12/2012 VND million
Borrowings from the SBV	416,428	375,229
Other borrowings	416,428	375,229
Others	26,793,520	24,431,204
Deposits from the State Treasury	25,506,662	23,695,375
Deposits from the SBV	1,286,858	735,829
	27,209,948	24,806,433

10. Deposits and borrowings from other credit institutions

	30/6/2013 VND million	31/12/2012 VND million
Deposits	34,158,621	16,963,858
Demand deposits in VND	5,812,015	1,880,690
Demand deposits in foreign currencies	28,346,606	15,062,028
Term deposits in VND	-	-
Term deposits in foreign currencies	-	21,140
Borrowings	8,332,257	17,102,494
Borrowings in VND	2,000,000	4,060,000
Borrowings in foreign currencies	6,332,257	13,042,494
	42,490,878	34,066,352

11. Deposits from customers

	30/6/2013 VND million	31/12/2012 VND million
Demand deposits	66,450,037	67,119,454
Demand deposits in VND	43,366,276	44,977,923
Demand deposits in gold, foreign currencies	23,083,761	22,141,531
Term deposits	233,007,270	214,121,778
Term deposits in VND	179,874,705	164,554,989
Term deposits in gold, foreign currencies	53,132,565	49,566,789
Deposits for specific purposes	4,395,301	2,252,301
Margin deposits	959,103	921,035
	304,811,711	284,414,568

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for the period from 1 January 2013 to 30 June 2013 (continued)

12. Valuable papers issued

	30/6/2013	31/12/2012
	VND million	VND million
Certificates of deposits	16,664	20,329
Short-term in VND	-	-
Short-term in foreign currencies	239	283
Medium-term in VND	2,409	2,805
Medium-term in foreign currencies	14,016	17,241
Bonds and bills	2,003,680	2,007,238
Short-term in VND	167	232
Short-term in foreign currencies	701	716
Medium-term in VND	2,002,800	2,006,278
Medium-term in foreign currencies	12	12
	2,020,344	2,027,567

13. Other liabilities

	30/6/2013	31/12/2012
	VND million	VND million
Internal payables	1,319,908	1,652,752
External payables	12,916,194	21,711,517
Other liabilities	14,236,102	23,364,269
Provision for contingent liabilities and off-balance sheet commitments	667,733	576,948
	14,903,835	23,941,217

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14. Capital and reserves

(a) Statement of changes in equity

	Chartered capital	Share premium	Other capital	Reserves			Asset revaluation difference	Foreign exchange differences	Retained profits	Total
	VND million	VND million	VND million	Supplement capital	Financial risk	Investment and development fund	Total	VND million	VND million	VND million
Balance as at 1/1/2013	23,174,171	9,201,397	45,160	895,598	1,830,233	68,049	2,793,880	121,228	6,144,427	41,553,063
Net profit for the period	-	-	-	-	-	-	-	-	1,976,145	1,976,145
Reserves appropriation for 2012 according to General Shareholders'	-	-	-	-	-	-	-	-	-	-
Meeting resolution	-	-	-	6,079	12,157	-	18,236	-	(18,236)	-
Adjustments of the State Audit (*)	-	-	-	-	-	-	-	-	3,473	3,473
Other increase	-	-	-	-	-	-	-	-	238	238
Dividends of 2012 paid in cash	-	-	-	-	-	-	-	-	(2,780,901)	(2,780,901)
Utilization during the period	-	-	-	-	(173)	(5)	(178)	-	-	(178)
Decrease in the period	-	-	-	-	-	-	-	(128,996)	(18,404)	(149,199)
Balance as at 30/6/2013	23,174,171	9,201,397	45,160	901,677	1,842,217	68,044	2,811,938	(7,768)	5,306,742	40,602,641

(*) Impact from adjustments of the State Audit on Financial statements of Vietcombank's joint-ventures and associates for the fiscal year 2012 using equity method.

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14. Capital and reserves (continued)

(b) Details of shareholders of the Bank

	30/6/2013 VND million	31/12/2012 VND million
Ordinary shares		
Government ownership	17,870,231	17,870,231
Foreign strategic shareholder (Mizuho Corporate Bank Ltd., Japan)	3,476,126	3,476,126
Other shareholders	1,827,814	1,827,814
	23,174,171	23,174,171

The Bank's authorized and issued share capital was:

	30/6/2013		31/12/2012	
	Number of shares	VND million	Number of shares	VND million
Authorized share capital	2,317,417,076	23,174,171	2,317,417,076	23,174,171
Issued share capital				
Ordinary shares	2,317,417,076	23,174,171	2,317,417,076	23,174,171
Shares outstanding				
Ordinary shares	2,317,417,076	23,174,171	2,317,417,076	23,174,171

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

15. Interest and similar income

	Period from 1/1/2013 to 30/6/2013 VND million	Period from 1/1/2012 to 30/6/2012 VND million
Interest income from loans and advances to customers	11,281,718	14,495,944
Interest income from balances with other credit institutions	276,245	447,180
Interest income from trading and investment debt securities	2,917,821	1,556,774
- Interest income from investment securities	2,917,821	1,556,774
Interest income from financial leases	88,354	102,185
Other income from credit activities	6,842	9,056
	14,570,980	16,611,139

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16. Interest and similar expenses

	Period from 1/1/2013 to 30/6/2013 VND million	Period from 1/1/2012 to 30/6/2012 VND million
Interest expenses on deposits	(8,441,142)	(9,155,185)
Interest expenses on borrowings	(364,618)	(657,274)
Interest expenses on valuable papers issued	(119,074)	(120,235)
Others expenses on credit activities	(502,679)	(923,637)
	(9,427,513)	(10,856,331)

17. Net income from investments in associates and joint-ventures

	Period from 1/1/2013 to 30/6/2013 VND million	Period from 1/1/2012 to 30/6/2012 VND million
Dividends received from equity investments during the period	175,076	266,264
- Dividends received from investment securities	174,869	-
- Dividends received from trading securities	207	-
Net profit/(loss) of investments in joint-ventures and associates after consolidation	(1,651)	11,889
	173,425	278,153

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18. Operating expenses

	Period from 1/1/2013 to 30/6/2013 VND million	Period from 1/1/2012 to 30/6/2012 VND million
Tax, duties and fees	(73,922)	(83,340)
Salaries and related expenses	(1,414,411)	(1,379,609)
<i>Of which:</i>		
- <i>Salary and allowance</i>	(1,264,629)	(1,184,776)
- <i>Additional expenses based on salary</i>	(95,059)	(166,073)
- <i>Other allowances</i>	(12,623)	(72)
- <i>Social activities expenses</i>	(38,038)	(3,075)
Expenses on assets	(559,126)	(536,764)
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	(304,510)	(268,395)
Administrative expenses	(473,113)	(407,823)
Insurance expenses on deposits from customers	(91,190)	(60,283)
Provision for diminution in the value of other long-term investments made during the period	-	-
Others	(1,169)	(20,090)
	(2,612,931)	(2,487,909)

19. Earnings per share

(a) Profit attributable to the shareholders of the Bank

	Period from 1/1/2013 to 30/6/2013 VND million	Period from 1/1/2012 to 30/6/2012 VND million
Net profit after tax	1,976,145	2,248,689
Profit attributable to the ordinary shareholders	1,976,145	2,248,689

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19. Earnings per share (continued)

(b) Weighted average number of ordinary shares

	Period from 1/1/2013 to 30/6/2013	Period from 1/1/2012 to 30/6/2012
Shares issued at the beginning of the year	2,317,417,076	1,969,804,514
Impacts of share issuance for foreign strategic shareholder (Mizuho Corporate Bank Ltd.,)	-	332,248,471
Weighted average number of ordinary shares	2,317,417,076	2,302,052,985

(c) Earnings per share

	Period from 1/1/2013 to 30/6/2013 VND	Period from 1/1/2012 to 30/6/2012 VND
Basic earnings per share	853	977

20. Cash and cash equivalents

	30/6/2013 VND million	31/12/2012 VND million
Cash on hand, gold, silver and gemstones	5,231,973	5,627,307
Balances with the SBV	26,279,109	15,732,095
Balances with and loans to other credit institutions due within three (3) months	93,732,828	60,663,590
Trading securities	117,542	521,239
Investment securities due within three (3) months	15,542,949	38,163,616
	140,904,401	120,707,847

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21. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	Period from 1/1/2013 to 30/6/2013 VND million	Period from 1/1/2012 to 30/6/2012 VND million
The State Bank of Vietnam	Shareholder		
Interest income from deposits with the SBV		22,012	26,383
Interest expenses on deposits and borrowings from the SBV		15,654	186,058
The Ministry of Finance	Shareholder		
Interest income from loans to the MoF		46,567	64,667
Interest expenses on deposits and borrowings from the MoF		12,923	14,360

(b) Significant balances with related parties

	Relationship	30/6/2013 VND million	31/12/2012 VND million
The State Bank of Vietnam	Shareholder		
Deposits with the SBV		26,279,072	15,732,059
Deposits and borrowings from the SBV		1,703,285	1,111,058
The Ministry of Finance	Shareholder		
Loans to MoF		1,839,757	2,180,529
Deposits from MoF		25,506,663	23,695,375
Borrowings from MoF		124,289	37,781
Vietcombank Fund Management Joint Venture Company	Joint-venture		
Trusted investments to VCB Fund		515,711	515,711

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22. Segment reporting

(a) Geographical segment

	The North VND million	The Middle and Tay Nguyen VND million	The South VND million	Overseas VND million	Elimination VND million	Total VND million
1 Interest and similar income	12,424,906	2,634,950	7,910,916	5,033	(8,404,825)	14,570,980
2 Interest and similar expenses	(11,096,380)	(1,737,027)	(4,998,251)	(680)	8,404,825	(9,427,513)
I Net interest income	1,328,526	897,923	2,912,665	4,353	-	5,143,467
3 Fee and commission income	847,204	89,244	395,784	3,977	(51,372)	1,284,837
4 Fee and commission expenses	(491,928)	(5,764)	(17,069)	(85)	525	(514,321)
II Net fee and commission income	355,276	83,480	378,715	3,892	(50,847)	770,516
III Net gain from trading foreign currencies	760,671	22,836	70,801	114	-	854,422
IV Net gain from trading securities	13,440	-	-	-	-	13,440
V Net gain from investment securities	88,736	-	-	-	-	88,736
5 Other income	67,857	66,642	72,815	355	-	207,669
6 Other expenses	(54,023)	(5,559)	(28)	(1,572)	-	(61,182)
VI Net other income	13,834	61,083	72,787	(1,217)	-	146,487
VII Net income from investments in associates and joint-ventures	229,680	-	-	-	(56,255)	173,425
VIII Operating expenses	(1,428,119)	(341,807)	(878,632)	(15,220)	50,847	(2,612,931)
IX Profit before provisions and allowances for credit losses	1,362,044	723,515	2,556,336	(8,078)	(56,255)	4,577,562
X Provisions and allowances for credit losses	(1,371,048)	(109,090)	(457,862)	201	(36,610)	(1,974,409)
XI Profit before tax	(9,004)	614,425	2,098,474	(7,877)	(92,865)	2,603,153
7 Current Corporate income tax expenses	59,671	(153,606)	(524,619)	(159)	-	(618,713)
XII Current Corporate income tax expenses	59,671	(153,606)	(524,619)	(159)	-	(618,713)
XIII Net profit after tax	50,667	460,819	1,573,855	(8,036)	(92,865)	1,984,440

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22. Segment reporting (continued)

(b) Business segment

		Banking services	Non-bank financial services	Securities	Others	Elimination	Total
		VND million	VND million	VND million	VND million	VND million	VND million
1	Interest and similar income	22,831,982	101,503	33,663	8,657	(8,404,825)	14,570,980
2	Interest and similar expenses	(17,787,451)	(44,677)	(210)	-	8,404,825	(9,427,513)
I	Net interest income	5,044,531	56,826	33,453	8,657	-	5,143,467
3	Fee and commission income	1,207,629	2,180	64,684	61,716	(51,372)	1,284,837
4	Fee and commission expenses	(473,633)	(84)	(22,216)	(18,913)	525	(514,321)
II	Net fee and commission income	733,996	2,096	42,468	42,803	(50,847)	770,516
III	Net gain from trading foreign currencies	854,309	113	-	-	-	854,422
IV	Net gain from trading securities	8,411	-	5,029	-	-	13,440
V	Net gain from investment securities	107,171	-	(18,435)	-	-	88,736
5	Other income	204,642	2,448	11	568	-	207,669
6	Other expenses	(59,611)	(1,571)	-	-	-	(61,182)
VI	Net other income	145,031	877	11	568	-	146,487
VII	Net income from investments in associates and joint-ventures	229,473	-	207	-	(56,255)	173,425
VIII	Operating expenses	(2,588,178)	(26,281)	(35,141)	(14,178)	50,847	(2,612,931)
IX	Profit before provisions and allowances for credit losses	4,534,744	33,631	27,592	37,850	(56,255)	4,577,562
X	Provisions and allowances for credit losses	(1,930,105)	(7,695)	-	-	(36,609)	(1,974,409)
XI	Profit before tax	2,604,639	25,936	27,592	37,850	(92,864)	2,603,153
7	Current Corporate income tax expenses	(593,791)	(6,402)	(6,846)	(11,674)	-	(618,713)
XII	Current Corporate income tax expenses	(593,791)	(6,402)	(6,846)	(11,674)	-	(618,713)
XIII	Net profit after tax	2,010,848	19,534	20,746	26,176	(92,864)	1,984,440

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23. Disclosure of financial instruments

(a) Disclosure of collaterals

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

(b) Disclosure of fair value

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

The following table presents book values and fair values of Vietcombank's financial assets and liabilities as at 30 June 2013:

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23. Disclosure of financial instruments (continued)

(b) Disclosure of fair value (continued)

	Held for trading	Held- to maturity	Book value			Total of book value	Fair value
	VND million	VND million	Loans and receivables	Available-for-sale	Recognized at amortized cost	VND million	VND million
Financial assets							
I	5,231,973	-	-	-	-	5,231,973	5,231,973
II	26,279,109	-	-	-	-	26,279,109	26,279,109
III	-	-	100,149,554	-	-	100,149,554	100,139,471
IV	117,542	-	-	-	-	117,542	117,542
VI	-	-	237,612,613	-	-	237,612,613	(*)
VII	-	8,318,924	-	52,816,513	-	61,135,437	62,209,321
VIII	-	3,103,942	-	-	-	3,103,942	3,066,704
X	-	-	4,468,296	-	-	4,468,296	(*)
	31,628,624	11,422,866	342,230,463	52,816,513	-	438,098,466	
Financial liabilities							
I	-	-	-	-	69,700,826	69,700,826	69,820,677
II	-	-	-	-	304,811,711	304,811,711	(*)
III	227,694	-	-	-	-	227,694	227,694
V	-	-	-	-	2,020,344	2,020,344	(*)
VI	-	-	-	-	12,792,089	12,792,089	(*)
	227,694	-	-	-	389,324,970	389,552,664	

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

23. Disclosure of financial instruments (continued)

(c) Risk management policy for financial instruments

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

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

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

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

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

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

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

(i) Credit risk

Vietcombank is under exposure to credit risk, where a counterparty's default on its obligations will cause a financial loss for Vietcombank by failing to fulfil 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 derived from commitments. The credit risk management and control are performed through issuance of related policies and procedures, including credit risk management policies, establishment of Credit Risk Management Committee and Credit Committee.

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

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

23. Disclosure of financial instruments (continued)

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

(i) Credit risk (continued)

Vietcombank's maximum exposure amounts to credit risk as at 30 June 2013, 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 provisions VND million	Total VND million
Balances with and loans to other credit institutions - gross	97,528,732	-	2,620,822	100,149,554
Balances with other credit institutions	86,231,895	-	-	86,231,895
Loans to other credit institutions	11,296,837	-	2,620,822	13,917,659
Loans and advances to customers - gross	199,524,596	478,402	37,609,615	237,612,613
Investment securities - gross	60,782,496	-	352,941	61,135,437
Available-for-sale securities	52,463,572	-	352,941	52,816,513
Held-to-maturity securities	8,318,924	-	-	8,318,924
Other assets	4,468,296	-	-	4,468,296
	362,304,120	478,402	40,583,378	403,365,900

Description of types and book value of collateral assets held by Vietcombank as at 30 June 2013 are as follows:

	VND million
Deposits	35,240,085
Valuable papers issued	7,027,732
Real estates	188,445,247
Others	100,924,461
	331,637,525

23. Disclosure of financial instruments (continued)

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

(ii) Interest rate risk

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

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

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

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23. Disclosure of financial instruments (continued)

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

(ii) Interest rate risk (continued)

	Assets	Overdue VND million	Free of interest VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
I	Cash on hand, gold, silver and gemstones	-	5,231,973	-	-	-	-	-	-	5,231,973
II	Balances with the SBV	-	-	26,279,109	-	-	-	-	-	26,279,109
III	Balances with and loans to other credit institutions – gross	-	-	92,103,356	1,175,467	4,870,731	2,000,000	-	-	100,149,554
IV	Trading securities- gross	-	-	117,542	-	-	-	-	-	117,542
VI	Loans and advances to customers – gross	11,555,555	-	77,912,161	82,528,736	55,120,207	8,135,301	2,216,089	144,564	237,612,613
VII	Investment securities – gross	200,000	184,166	4,490,018	11,052,931	1,500,013	9,690,052	28,198,957	5,819,300	61,135,437
VIII	Long-term investment - gross	-	3,103,942	-	-	-	-	-	-	3,103,942
IX	Fixed assets	-	3,462,996	-	-	-	-	-	-	3,462,996
X	Other assets – gross	-	5,766,271	-	-	-	-	-	-	5,766,271
	Total assets	11,755,555	17,749,348	200,902,186	94,757,134	61,490,951	19,825,353	30,415,046	5,963,864	442,859,437
	Liabilities									
I	Deposits and borrowings from the SBV and other credit institutions	-	-	61,891,363	543,498	4,369,007	2,054,588	830,217	12,153	69,700,826
II	Deposits from customers	-	12,291	173,196,113	54,467,478	31,278,081	44,021,312	1,835,861	575	304,811,711
III	Derivatives and other financial liabilities	-	-	-	-	227,694	-	-	-	227,694
V	Valuable papers issued	-	-	7,808	12,369	167	-	-	2,000,000	2,020,344
VI	Other liabilities	-	11,640,675	2,800,000	2,500,000	2,000,000	-	-	-	18,940,675
	Total liabilities	-	11,652,966	237,895,284	57,523,345	37,874,949	46,075,900	2,666,078	2,012,728	395,701,250
	Interest sensitivity gap	11,755,555	6,096,382	(36,993,098)	37,233,789	23,616,002	(26,250,547)	27,748,968	3,951,136	47,158,187
	Cumulative interest sensitivity gap	11,755,555	17,851,937	(19,141,161)	18,092,628	41,708,630	15,458,083	43,207,051	47,158,187	

23. Disclosure of financial instruments (continued)

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

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam, with VND as its reporting currency. The Bank's two overseas subsidiaries have their local currencies as their reporting currencies. However, the value of these companies' assets is not significant to Vietcombank's total asset value. The major currency in which the Bank transacts is VND. The Bank's loans and advances to customers are mainly denominated in VND, USD and EUR. Some of the Bank's other assets are in currencies other than VND, USD and EUR. The Bank's management has set limits on positions by currency based on its internal risk management system and relevant statutory requirements by the SBV. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

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23. Disclosure of financial instruments (continued)

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

(iii) Currency risk (continued)

		VND VND million	USD VND million	EUR VND million	Other currencies VND million	Total VND million
Assets						
I	Cash on hand, gold, silver and gemstones	3,837,534	979,128	178,574	236,737	5,231,973
II	Balances with the SBV	11,119,089	15,160,020	-	-	26,279,109
III	Balances with and loans to other credit institutions - gross	21,608,701	64,412,816	4,396,206	9,731,831	100,149,554
IV	Trading securities - gross	117,542	-	-	-	117,542
VI	Loans and advances to customers - gross	174,371,521	62,397,417	820,328	23,347	237,612,613
VII	Investment securities - gross	61,096,243	39,194	-	-	61,135,437
VIII	Long-term investments - gross	3,103,942	-	-	-	3,103,942
IX	Fixed assets	3,459,243	2,782	-	971	3,462,996
X	Other assets - gross	18,644,178	1,950,835	(557,491)	(14,271,251)	5,766,271
	Total assets	297,357,993	144,942,192	4,837,617	(4,278,365)	442,859,437
Liabilities						
I	Deposits and borrowings from the SBV and other credit institutions	8,309,066	51,156,104	1,683,386	8,552,270	69,700,826
II	Deposits from customers	225,659,626	59,062,130	3,428,968	16,660,987	304,811,711
III	Derivatives and other financial liabilities	(18,254,752)	33,752,134	217,281	(15,486,969)	227,694
V	Valuable papers issued	2,005,376	14,797	171	-	2,020,344
VI	Other liabilities	36,269,810	(17,588,238)	106,014	153,089	18,940,675
	Total liabilities	253,989,126	126,396,927	5,435,820	9,879,377	395,701,250
	FX position on and off-balance sheet	43,368,867	18,545,265	(598,203)	(14,157,742)	47,158,187

23. Disclosure of financial instruments (continued)

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

(iv) Liquidity risk

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

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

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

- Balances with the SBV are considered as current accounts including the compulsory deposits;
- The maturity of investment securities is based on redemption dates of each securities established by the issuers of these financial instruments;
- The maturities of amounts due from other credit institutions 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 five years as equity investments have no stated maturity; and
- Amounts due to other credit institutions 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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23. Disclosure of financial instruments (continued)

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

(iv) Liquidity risk (continued)

		Overdue over 3 months VND million	Overdue up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
I	Cash on hand, gold, silver and gemstones	-	-	5,231,973	-	-	-	-	5,231,973
II	Balances with the SBV	-	-	26,279,109	-	-	-	-	26,279,109
III	Balances with and loans to other credit institutions – gross	-	-	91,850,470	892,699	6,564,273	829,959	12,153	100,149,554
IV	Trading securities – gross	-	-	117,542	-	-	-	-	117,542
VI	Loans and advances to customers – gross	7,428,770	4,205,450	16,125,314	46,870,467	97,531,249	47,771,636	17,679,727	237,612,613
VII	Investment securities – gross	200,000	-	4,674,184	11,052,931	11,190,065	28,198,957	5,819,300	61,135,437
VIII	Long-term investments – gross	-	-	-	-	-	-	3,103,942	3,103,942
IX	Fixed assets	-	-	-	-	-	-	3,462,996	3,462,996
X	Other assets – gross	-	-	18,618	5,747,653	-	-	-	5,766,271
	Total assets	7,628,770	4,205,450	144,297,210	64,563,750	115,285,587	76,800,552	30,078,118	442,859,437
Liabilities									
I	Deposits and borrowings from the SBV and other credit institutions	-	-	60,722,533	139,180	1,373,924	5,347,073	2,118,116	69,700,826
II	Deposits from customers	-	-	118,803,792	72,589,228	97,047,668	9,121,836	7,249,187	304,811,711
III	Derivatives and other financial liabilities	-	-	-	-	227,694	-	-	227,694
V	Valuable papers issued	-	-	7,808	12,369	167	-	2,000,000	2,020,344
VI	Other liabilities	-	-	2,845,772	14,094,903	2,000,000	-	-	18,940,675
	Total liabilities	-	-	182,379,905	86,835,680	100,649,453	14,468,909	11,367,303	395,701,250
	Net liquidity gap	7,628,770	4,205,450	(38,082,695)	(22,271,930)	14,636,134	62,331,643	18,710,815	47,158,187

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24. Subsequent events

On 25 July 2013, the Bank's Board of Directors issued the Resolution No. 181/NQ-HDQT.TKHDQT regarding the resignation of the Chief Executive Officer position of Mr. Nguyen Phuoc Thanh effective from 26 July 2013; and the appointment to the Chief Executive Officer position of Mr. Nghiem Xuan Thanh, member of Board of Directors, effective from 26 July 2013 for a period of 5 years.

Accordingly, the Bank's Business Registration Certificate No. 0100112437 was renewed for the eighth time on 1 August 2013 (revision: the Bank's Legal Representative) by Hanoi Authority for Planning and Investment.

Apart from the above events and those disclosed in the interim consolidated financial statements, at the date of which the interim consolidated financial statements were prepared, there have been no significant events occurring since 30 June 2013, which have significant impact on the interim consolidated financial statements as at 30 June 2013.

25. Seasonal or cyclical factors

Vietcombank's operation results are not affected by seasonal or cyclical factors except for the following items:

(a) Taxation

In accordance with the current tax regulations, corporate income tax of the Bank and its subsidiaries is separately computed and finalised at the end of the year. Corporate income tax expense for the period is calculated at the rate of 25% for the Bank and its local subsidiaries, and at the rate of 16.5% for its overseas subsidiaries.

(b) Foreign exchange differences

As presented in Note 2(c), unrealized foreign exchange differences are recorded in the Foreign exchange differences account in shareholders' equity. The balance of foreign exchange differences account is transferred to the consolidated income statement at the end of the fiscal year.

(c) Reserves allocations

The appropriation of these reserves as presented in Note 2(o) (iv) is made at the end of the fiscal year.

26. Approval of the interim consolidated financial statements

The interim consolidated financial statements were approved by the Board of Management on 14 August 2013.

Hanoi, 14 August 2013

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Mr. Nguyen Danh Luong


Deputy Director of
Accounting Policy Department


Chief Accountant




Deputy CEO