

Saigon – Hanoi Commercial Joint Stock Bank

Audited consolidated Financial Statements in accordance with the
Vietnamese Accounting Standards and System for Vietnamese Credit
Institutions

as at 31 December 2012 and for the year then ended

Saigon – Hanoi Commercial Joint Stock Bank

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Saigon – Hanoi Commercial Joint Stock Bank

GENERAL INFORMATION

THE BANK

Saigon – Hanoi Commercial Joint Stock Bank (herein referred to as “the Bank” or “SHB”) is a joint stock commercial bank registered in the Socialist Republic of Vietnam.

The Bank was initially established on 13 November 1993 as Nhon Ai Rural Commercial Joint Stock Bank under Decision No. 214/QD-NH5 and Business License No. 0041-NH/GP issued by the State Bank of Vietnam (“the SBV”). The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision No. 1764/QD-NHNN dated 11 September 2006 issued by the Governor of the State Bank of Vietnam.

Significant event during the year

On 15 June 2012, the Governor of the State Bank of Vietnam issued Official Letter No. 3651/NHNN-TTGSNH to approve in principle the Merger Plan of Hanoi Building Commercial Joint Stock Bank (“Habubank”) with Saigon - Hanoi Commercial Joint Stock Bank. Subsequently, on 1 September 2012, Hanoi Building Commercial Joint Stock Bank was officially merged with Saigon - Hanoi Commercial Joint Stock Bank in accordance with Decision No. 1559/QD-NHNN of the SBV. Under Business Registration License No. 1800278630 on 29 October 2012, the charter capital of the Bank after the Merger is VND 8,865,795 million which is equivalent to total charter capital of the two banks before the merger.

Principal activities

The Bank’s principal activities are to provide banking services including mobilising and receiving short-term, medium-term and long-term deposits from organisations and individuals; making short-term, medium-term and long-term loans and advances to organisations and individuals based on the nature and capability of the Bank’s sources of capital; foreign exchange transactions; international trade finance services; discount of commercial papers, bonds and other valuable papers; and other banking services as approved by the State Bank of Vietnam.

Operation network

The Bank’s Head Office is located at 77 Tran Hung Dao Street, Hoan Kiem District, Hanoi. As at 31 December 2012, the Bank had forty six (46) branches, one hundred and sixty eight (168) transaction offices, ten (10) saving funds nationwide, one (01) branch in Cambodia, and one (01) branch in Laos.

Subsidiaries

As at 31 December 2012, the Bank had two (02) subsidiaries as follows:

<i>No</i>	<i>Subsidiary</i>	<i>Business Registration No.</i>	<i>Line of business</i>	<i>Ownership percentage of the Bank</i>
1	SHB Debt and Asset Management One Sole Member Company Limited (SHBAMC)	010400627 dated 10 December 2009 of the Hanoi Planning and Investment Department	Banking/ Finance	100%
2	SHB Securities Joint Stock Company (SHBS)	112/GPDC-UBCK dated 12 September 2012 by the State Securities Commission	Securities	98.47%

Saigon – Hanoi Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

Members of the Board of Directors during the year ended 31 December 2012 and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/ resignation</i>
Mr. Do Quang Hien	Chairman	Reappointed on 5 May 2012
Mr. Nguyen Van Le	Member	Reappointed on 5 May 2012
Mr. Tran Ngoc Linh	Member	Reappointed on 5 May 2012
Ms. Dam Ngoc Bich	Member	Appointed on 5 May 2012
Mr. Pham Ngoc Tuan	Member	Appointed on 5 May 2012
Mr. Le Quang Thung	Independent Member	Appointed on 5 May 2012
Mr. Pham Hong Thai	Member	Appointed on 5 May 2012
Mr. Nguyen Van Hai	Member	Resigned on 5 May 2012
Mr. Tran Thoai	Member	Resigned on 5 May 2012
Mr. Le Kien Thanh	Independent Member	Resigned on 5 May 2012

BOARD OF SUPERVISORS

Members of the Board of Supervisors during the year ended 31 December 2012 and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/ resignation</i>
Mr. Pham Hoa Binh	Head of the Board of Supervisors	Appointed on 5 May 2012
Mr. Nguyen Huu Duc	Deputy Head of the Board	Reappointed on 5 May 2012
Mr. Bui Thanh Tam	Member	Reappointed on 5 May 2012
Ms. Hoang Thi Minh	Member	Appointed on 5 May 2012
Ms. Nguyen Thi Hong Uyen	Member	Resigned on 5 May 2012
Ms. Dam Ngoc Bich	Head of the Board of Supervisors	Resigned on 5 May 2012
Mr. Luong Duc Chinh	Member	Resigned on 5 May 2012

BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

Members of the Board of Management and Chief Accountant during the year ended 31 December 2012 and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Nguyen Van Le	General Director	Reappointed on 21 May 2010
Mr. Dang Trung Dung	Deputy General Director	Appointed on 1 September 2006
Mr. Bui Tin Nghi	Deputy General Director	Appointed on 5 June 2007
Mr. Le Dang Khoa	Deputy General Director	Appointed on 10 April 2009
Mr. Pham Van Thang	Deputy General Director	Appointed on 1 November 2010
Ms. Ngo Thu Ha	Deputy General Director	Appointed on 15 March 2011
Ms. Dang To Loan	Deputy General Director	Appointed on 9 October 2012
Ms. Ninh Thi Lan Phuong	Deputy General Director, cum Chief Accountant	Appointed on 8 June 2012

EMPLOYEES

Total number of employees as at 31 December 2012 was 4,996 persons (as at 31 December 2011: 2,840 persons)

Saigon – Hanoi Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year ended 31 December 2012 and as at the date of this report is Mr. Nguyen Van Le – General Director.

AUDITORS

The auditors of the Bank are Ernst & Young Vietnam Limited.

Saigon – Hanoi Commercial Joint Stock Bank

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon - Hanoi Commercial Joint Stock Bank (herein referred to as “the Bank”) is pleased to present this report and the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2012.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

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

For and on behalf of the Board of Management:

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

31 March 2013

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of
Saigon – Hanoi Commercial Joint Stock Bank**

We have audited the consolidated financial statements of Saigon – Hanoi Commercial Joint Stock Bank ("the Bank") and its subsidiaries as set out on pages 6 to 81 which comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement and the consolidated statement of cash flows for the year then ended and the notes thereto.

The preparation and presentation of these consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of Opinion

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2012, and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System for Credit Institutions and comply with other relevant regulations by the State Bank of Vietnam.

In the year 2012, the Bank has successfully merged Hanoi Building Commercial Joint Stock Bank ("Habubank") into the Bank's operations in accordance with Decision No. 1559/QD-NHNN dated 7 August 2012 issued by the Governor of the State Bank of Vietnam. Accordingly, the financial issues and accumulative losses incurred by Habubank before the merger date was recorded in the retained earnings of the Bank after the merger and in accordance with the Merger Plan approved by the relevant authorities.

Ernst & Young Vietnam Limited

Nguyen Xuan Dai
Deputy General Director
Certificate No. 0452/KTV

Le Thi Thanh Ha
Auditor
Certificate No. 1600/KTV

Hanoi, Vietnam

31 March 2013

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET
as at 31 December 2012

B02/TCTD-HN

	<i>Notes</i>	<u>31/12/2012</u> VNDm	<u>31/12/2011</u> VNDm
ASSETS			
Cash and cash equivalents	5	484,887	425,219
Balances with the State Bank	6	3,031,869	35,112
Placements with and loans to other banks	7	29,862,248	18,845,175
Placements with other banks		20,996,608	18,845,175
Loans to other banks		8,890,044	-
Provision for placements with and loans to other banks		(24,404)	-
Trading securities	8	13,387	17,804
Trading securities		40,564	36,165
Provision for impairment of trading securities		(27,177)	(18,361)
Derivatives and other financial assets	9	5,847	4,036
Loans and advances to customers		55,689,293	28,806,884
Loans and advances to customers	10	56,939,724	29,161,851
Provision for credit losses	11	(1,250,431)	(354,967)
Investment securities	12	12,699,276	15,097,394
Available-for-sale securities	12.1	8,418,596	12,501,240
Held-to-maturity securities	12.2	4,290,544	2,610,840
Provision for impairment of investment securities		(9,864)	(14,686)
Long-term investments	13	391,703	333,313
Investments in joint ventures		-	-
Investments in associates		-	-
Other long-term investments		435,326	334,289
Provision for impairment of long-term investments		(43,623)	(976)
Fixed assets	14	4,127,127	2,254,983
<i>Tangible fixed assets</i>	14.1	398,883	167,782
Cost		700,243	252,784
Accumulated depreciation		(301,360)	(85,002)
<i>Financial leases</i>		-	-
Cost		-	-
Accumulated depreciation		-	-
<i>Intangible assets</i>	14.2	3,728,244	2,087,201
Cost		3,817,079	2,106,146
Accumulated amortisation		(88,835)	(18,945)
Investment properties		85,456	-
Cost		85,456	-
Accumulated depreciation		-	-
Other assets	15	10,146,521	5,169,622
Receivables		1,494,165	2,599,671
Interest and fee receivables		4,460,581	1,645,443
Deferred income tax assets	23.2	110	-
Other assets		4,256,393	924,615
<i>In which: Goodwill</i>		-	-
Provision for other assets		(64,728)	(107)
TOTAL ASSETS		<u>116,537,614</u>	<u>70,989,542</u>

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2012

B02/TCTD-HN

	<i>Notes</i>	<u>31/12/2012</u> VNDm	<u>31/12/2011</u> VNDm
LIABILITIES			
Borrowings from the Government and the SBV	17	-	2,184,954
Deposits and borrowings from other banks	18	21,777,251	15,909,083
Deposits from other banks		15,505,603	15,909,083
Borrowings from other banks		6,271,648	-
Deposits and other amounts due to customers	19	77,598,520	34,785,614
Derivatives and other financial liabilities	10	-	-
Other borrowed funds	20	385,245	226,386
Valuable papers issued	21	4,370,389	11,205,240
Other liabilities	22	2,897,397	847,397
Interest and fee payables		1,944,532	523,415
Deferred tax liabilities	23.3	645	-
Other payables	22	911,407	297,667
Other provision	11	40,813	26,315
TOTAL LIABILITIES		<u>107,028,802</u>	<u>65,158,674</u>
OWNERS' EQUITY			
Capital and Reserves			
Capital		8,962,251	4,908,535
Charter capital		8,865,795	4,815,795
Capital to purchase fixed assets		-	-
Share premium		101,716	98,000
Treasury shares		(5,260)	(5,260)
Preference shares		-	-
Others		-	-
Reserves		517,732	278,109
Foreign currency translation reserve		9	9
Asset revaluation reserve		-	-
Retained earnings		26,058	644,215
TOTAL OWNERS' EQUITY	24	<u>9,506,050</u>	<u>5,830,868</u>
NON-CONTROLLING INTEREST	24	<u>2,762</u>	
TOTAL LIABILITIES, OWNERS' EQUITY AND NON-CONTROLLING INTEREST		<u>116,537,614</u>	<u>70,989,542</u>

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2012

B02/TCTD-HN

OFF-BALANCE SHEET ITEMS

	<u>Notes</u>	<u>31/12/2012</u> <u>VNDm</u>	<u>31/12/2011</u> <u>VNDm</u>
Contingencies			
Credit guarantees		35,554	-
Letters of credit		336,437	538,228
Other guarantees		4,915,177	2,670,578
	39	<u>5,287,168</u>	<u>3,208,806</u>

Prepared by

Approved by

Approved by

Ms. Vuong Thanh Huyen
Accountant

Ms. Ninh Thi Lan Phuong
Chief Accountant

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

31 March 2013

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2012

B03/TCTD-HN

	<i>Notes</i>	<i>2012</i> <i>VNDm</i>	<i>2011</i> <i>VNDm</i>
Interest and similar income	27	9,951,489	7,781,058
Interest and similar expenses	28	(8,075,961)	(5,883,524)
Net interest and similar income		1,875,528	1,897,534
Fee and commission income		193,828	256,348
Fee and commission expenses		(41,731)	(37,900)
Net fee and commission income	29	152,097	218,448
Net gain from foreign currency trading	30	47,963	54,762
Net gain/(loss) from trading securities	31	140,376	(17,782)
Net gain/(loss) from investment securities	32	23,548	(9,289)
Other operating income		721,154	77,039
Other operating expenses		(32,120)	(1,607)
Net operating income	33	689,034	75,432
Dividend income	34	10,910	9,229
TOTAL OPERATING INCOME		2,939,456	2,228,334
TOTAL OPERATING EXPENSES	35	(1,678,993)	(1,125,836)
Profit from operating activities before provision for credit losses		1,260,463	1,102,498
(Provision)/ reversal of provision for credit losses	12	564,740	(172,183)
PROFIT BEFORE TAX		1,825,203	1,000,962
Current enterprise income tax	23.1	(137,289)	(247,933)
Deferred enterprise income tax	23.3	(645)	-
Enterprise income tax		(137,934)	(247,933)
PROFIT AFTER TAX		1,687,269	753,029
Non-controlling interest		428	-
Profit after tax of the Bank		1,686,841	753,029
Accumulated losses from Habubank	2.6	(1,660,775)	-
NET PROFIT FOR THE YEAR		26,066	753,029
Earnings per share (VND)	25	33	1,745

Prepared by

Approved by

Approved by

Ms. Vuong Thanh Huyen
Accountant

Ms. Ninh Thi Lan Phuong
Chief Accountant

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

31 March 2013

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2012

B04/TCTD-HN

	<i>Notes</i>	<i>2012</i> <i>VNDm</i>	<i>2011</i> <i>VNDm</i>
OPERATING ACTIVITIES			
Interest and similar income receipts		7,552,992	7,062,359
Interest and similar expense payments		(7,092,381)	(6,080,350)
Fees and commission income receipts		152,097	218,448
Net gain from foreign currency, securities trading		78,852	46,636
Other operating income receipts		108,598	73,991
Recovery from bad debts written-off previously		626	1,259
Employee and other administrative expenses payments		(1,479,432)	(1,076,649)
Enterprise income tax paid during the year	23.1	(264,542)	(259,257)
Net cash flows used in operating activities before changes in operating assets and liabilities		(943,190)	(13,563)
<i>Changes in operating assets</i>			
Increase in due from banks	(*)	(16,346,784)	(2,536,440)
Decrease in trading and investment securities	(*)	4,054,196	55,419
Increase in derivatives and other financial assets	(*)	(1,813)	(4,036)
Increase in loans and advances to customers	(*)	(13,101,287)	(4,832,581)
Use of provision for loan losses and provision for impairment of investment securities & long-term investments	(*)	-	(739)
Increase in other assets	(*)	(602,998)	(1,277,019)
<i>Changes in operating liabilities</i>			
Increase/(decrease) in borrowings from the Government and the SBV	(*)	(2,184,954)	1,281,238
Increase in due to banks	(*)	6,219,410	2,637,545
Increase in due to customers (including State Treasury)	(*)	25,809,734	9,151,969
Increase/(decrease) in valuable papers issued (except for long-term valuable papers issued disclosed in financing activities)	(*)	(7,471,664)	6,812,065
Increase/(decrease) in other borrowed funds	(*)	106,406	(154,012)
Increase/(decrease) in derivatives and other financial liabilities	(*)	-	(2,900)
Increase/(decrease) in other liabilities	(*)	(4,781,348)	289,311
Net cash flows from/(used in) operating activities		(9,244,292)	11,406,257
INVESTING ACTIVITIES			
Purchase of fixed assets		(127,350)	(75,464)
Proceeds from sale of fixed assets		538,158	182
Investments in joint ventures, associates and others		-	(16,900)
Proceeds from sales of investment in joint ventures, associates and others		24,222	-
Dividend receipts from long-term investments in the year		10,910	9,229
Net cash flows from/(used in) investing activities		445,940	(82,953)

Saigon – Hanoi Commercial Joint Stock Bank

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

B04/TCTD-HN

	<i>Notes</i>	<i>2012</i> <i>VNDm</i>	<i>2011</i> <i>VNDm</i>
FINANCING ACTIVITIES			
Increase in share premium		2,261	-
Dividend payment to shareholders		<u>(270,100)</u>	<u>(611,883)</u>
Net cash flows used in financing activities		<u>(267,839)</u>	<u>(611,883)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(9,066,191)</u>	<u>10,711,421</u>
Cash and cash equivalents transferred from Habubank		519,258	-
Cash and cash equivalents at the beginning of the year		<u>20,213,491</u>	<u>9,502,070</u>
Cash and cash equivalents at the end of the year	36	<u>11,666,558</u>	<u>20,213,491</u>

(*) The above amounts are calculated based on the ending balance as at 31 December 2012 and the beginning balance as at 1 January 2012 of the Bank and at the time of the merger on 1 September 2012 of Hanoi Building Commercial Joint Stock Bank ("Habubank").

Non-cash transaction:

On 28 August 2012, the Bank completed the merger with Hanoi Building Commercial Joint Stock Bank in accordance with Decision No. 1559/QD-NHNN dated 7 August 2012 issued by the State Bank of Vietnam. Accordingly, the shares of the Bank after the merger were issued as follows: one share of the Bank after the merger is equivalent to 0.83 shares of the Bank before the merger and 1.33 shares of Habubank.

Prepared by

Approved by

Approved by

Ms. Vuong Thanh Huyen
Accountant

Ms. Ninh Thi Lan Phuong
Chief Accountant

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

31 March 2013

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

1. FISCAL YEAR AND ACCOUNTING CURRENCY

1.1 *Fiscal year*

The Bank and its subsidiaries's fiscal year starts on 1 January and ends on 31 December.

1.2 *Accounting currency*

The Bank and its subsidiaries maintain their accounting records in Vietnamese Dong (VND). However, due to the Bank's large scale of operations, for the purpose of preparing these consolidated financial statements, the figures are rounded to and presented in millions of Vietnam Dong (VNDm). This presentation does not impact the view of the readers on the Bank and its subsidiaries' consolidated financial position, consolidated results of their operations and their cash flows. With regards to the number of shares, the Bank presented the item in unit as shown in the Note 24.2.

2. BASIS OF THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 *Statement of compliance with Vietnamese Accounting Standards and Accounting System for Credit Institutions*

Management confirms that the accompanying consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards and Accounting System for Credit Institutions, and have complied with other regulations by the State Bank of Vietnam.

2.2 *Accounting standards and system*

The consolidated financial statements of the Bank and its subsidiaries expressed in millions of Vietnam Dong ("VNDm"), are prepared in accordance with the Accounting System for Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004 by the Governor of the State Bank of Vietnam which was enacted from 1 January 2005 and decisions on amendment and supplementation of Decision No. 479/2004/QD-NHNN, Decision No. 16/2007/QD-NHNN issued on 18 April 2007 by the Governor of the State Bank of Vietnam, and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying consolidated balance sheet, consolidated income statement, consolidated cash flow statement and notes to the consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position, consolidated results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

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

2. BASIS OF PRESENTATION (continued)

2.3 *Basis of consolidation*

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries as at and for the year ended 31 December each year. The financial statements of the subsidiaries are prepared using accounting policies those are consistent with and for the same reporting year as the Bank.

All intra-group balances, transactions, income, expenses and unrealised profits and losses resulting from intra-group transactions are eliminated in full.

Financial statements of the subsidiaries are fully consolidated from the date when control is transferred to the Bank. The control exists when the Bank has the power to govern either directly or indirectly the financial and operating policies of an entity to obtain benefits from its activities. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

Non-controlling interest represents the portion of net results of operations and net assets not owned, either directly or indirectly through the subsidiaries, by the Bank and is presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from the Bank's equity and liabilities.

2.4 *Use of estimates*

The preparation of consolidated financial statements requires the Board of Management to make estimates and assumptions which affect the reported figures of assets and liabilities as well as the disclosure of contingent liabilities. These estimates and assumptions also affect income, expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty. Therefore, actual results may differ from the result in future changes in such provision.

Going concern

The Board of Management of the Bank has assessed the ability to continue as a going concern of the Bank and its subsidiaries and noted that the Bank and its subsidiaries have sufficient resources to continue their business operations in a definite future. In addition, the Board of Management is note aware of any material uncertainties that may affect the ability to continue operations of the Bank and its subsidiaries as a going concern. Therefore, the consolidated financial statements are prepared on the going concern assumption.

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

2. BASIS OF PRESENTATION (continued)

2.5 *Changes in accounting policies and disclosures*

The Bank and its subsidiaries's accounting policies used for preparation of the consolidated financial statements are consistent with the policies used to prepare the consolidated financial statements for the financial year ended 31 December 2011, except for the changes in accounting policies and notes as stated below.

On 24 October 2012, the Ministry of Finance issued Circular No. 180/2012/TT-BTC providing instructions on financial allowances for employees. According to the Circular, in 2012, enterprises can use the reserve fund which has been created under the provisions of Circular No. 82/2003/TT-BTC dated 14 August 2003 issued by the Ministry of Finance to cover allowances for employees until 31 December 2011 (if any). If the reserve fund balance is not sufficient or enterprises do not have a fund balance to cover allowances for employees, the additional allowance expenditures incurred is recorded as expenses in the consolidated financial statements and deductible from enterprise income tax calculation purpose. If there is outstanding reserve fund balance after making payments to employees in 2012, enterprises can record it as other income for the year of 2012 and are not permitted to transfer the fund balance to the next period.

2.6 *Resolutoin of accumulated losses of Habubank after the merger*

According to Decision No. 1559/QD-NHNN dated 7 August 2012 issued by the Governor of the State Bank of Vietnam, on 28 August 2012, Hanoi Building Commercial Joint Stock Bank ("Habubank") was officially merged with the Bank. Hanoi Building Commercial Joint Stock Bank finalised and closed its accounting results and data on 31 August 2012 to transfer the accumulated losses before the merger in the retained earnings of the Bank after the merger.

The consolidated income statement of the Bank and its subsidiaries included the results of operations of Habubank for the period from 1 September 2012 to 31 December 2012 and the results of operations of the Bank for the period from 1 January 2012 to 31 December 2012. In addition, for the purpose of presentation, the accumulated losses of Habubank incurred before the merger are presented as a separate line in the consolidated income statement of the Bank and its subsidiaries in order to reflect more accurately the operation results of the Bank and its subsidiaries in 2012.

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 *Loans and advances to customers*

Loans and advances to customers are stated at the principal amounts outstanding at the end of the year.

3.2 *Provision for credit losses*

3.2.1 Loans to customers of the Bank

3.2.1.1 *Provision for credit losses in Vietnam*

Loan classification

According to the Law on Credit Institutions No. 47/2010/QH12 which takes effect from 1 January 2011, Decision No. 1627/2001/QD-NHNN dated 31 December 2001 issued by the Governor of the State Bank of Vietnam on Lending Regulations of Credit Institutions, Decision No. 127/2005/QD-NHNN dated 3 February 2005 amending and supplementing Decision No. 1627/2001/QD-NHNN, Decision 493/2005/QD-NHNN dated 22 April 2005, and Decision No. 18/2007/QD-NHNN dated 25 April 2007 of the State Bank of Vietnam on loan classification and provision, credit institutions are required to classify loans and make provisions for credit losses. Accordingly, loans are classified into *Current*, *Special Mention*, *Substandard*, *Doubtful* and *Loss* on the basis of payment arrears status and other qualitative factors.

In addition, according to Decision No. 780/2012/QD-NHNN dated 23 April 2012 issued by the Governor of the State Bank of Vietnam, the Bank is permitted to maintain the group of restructured loans of customers which are assessed to have positive business activities and good repayment capabilities after the restructuring.

Specific provision

Net loan and advance exposure for each borrower is calculated by subtracting from the loan balance the discounted value of collateral, which is subject to certain accepted discount rates as stipulated in Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN.

Specific provision is made on the net loan and advance exposure of each borrower using prescribed provision rates as follows:

<i>Group</i>	<i>Name</i>	<i>Specific provision rate</i>
1	Current	0%
2	Special Mention	5%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

Loans which are classified as Substandard, Doubtful or Loss are considered as non performing loans.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Provision for credit losses (continued)

3.2.1 Loans to customers of the Bank (continued)

3.2.1.1 Provision for credit losses in Vietnam (continued)

Loans and advances to Vietnam Shipbuilding Industry Group (“Vinashin”), its members and the members which have been merged with Petrovietnam Oil and Gas Group (“PVN”) or Vietnam National Shipping Lines (“Vinalines”) are classified and made provision in accordance with specific guidance of the State Authority on freezing and restructuring the debts to Vinashin and the members merged with PVN and Vinalines. Accordingly, the Bank has made specific provision for loans and advances to these borrowers based on its financial capability.

In addition, the merger with Hanoi Building Commercial Joint Stock Bank on 1 September 2012 was implemented in line with the restructuring of the banking system of Vietnam. Accordingly, the Bank has submitted to the State Bank of Vietnam a plan to allocate provision for credit losses previously made by Hanoi Building Commercial Joint Stock Bank to the results of the Bank's operations over a period of three years since 2012.

General provision

In accordance with Decision No. 493/2005/QĐ-NHNN, a general provision is made for credit losses which are yet to be identified during the loan classification and provision process and for the Bank's potential financial difficulties due to the deterioration in loan quality. Accordingly, the Bank is required to fully make and maintain a general provision of 0.75% of total loans and advances to customers, guarantees, payment acceptances, and unconditional irrevocable loan commitments with specific effective date, which are classified in group 1 to group 4.

Bad debts written-off

Provisions are recorded in the consolidated income statement as an expense and will be used to write off any credit losses incurred. According to Decision No. 493/2005/QĐ-NHNN, at the discretion of the Bank's Bad Debt Resolution Committee, the Bank can write off the loans that are classified in group 5 which the borrowers are bankrupted or liquidated (for corporate) or are deceased or missing (for individuals).

Article 3 of the Decision No. 493/2005/QĐ-NHNN requires that at least once a quarter, within the first 15 business days of the next month, credit institutions make a loan classification and provision for the previous quarter (month). Particularly, for Quarter IV, within the first 15 business days of December, credit institutions are required to classify loans and make appropriate provision for the period ended 30 November.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Provision for credit losses* (continued)

3.2.1 Loans to customers of the Bank (continued)

3.2.1.2 *Provision for credit losses in Cambodia*

Provision for credit losses is made for specific risks related to loans and advances to customers, which are classified into: Current, Special Mention, Substandard, Doubtful and Loss. Specific provision is made on the percentage of the total outstanding balance of the loans and advances. The Bank is classifying loans and making provision in accordance with Prakas No. B7-09-074 dated 25 February 2009 of the National Bank of Cambodia. Accordingly, the Bank is classifying and maintaining specific provision for the outstanding principal of loans on the following basis:

<i>Name</i>	<i>Overdue period</i>	<i>Provision rate</i>
Current	up to 30 days	0%
Special Mention	from 30 up to 90 days	3%
Substandard	from 90 up to 180 days	20%
Doubtful	from 180 up to 360 days	50%
Loss	over 360 days	100%

The Bank maintains a general provision of 1.00% of total balance of loans classified as Current.

The whole or a part of loans, which are determined by the Board of Directors as uncollectible will be written off after deducting the resale value of collaterals (if any).

3.2.1.3 *Provision for credit losses in Laos*

In accordance with Decision No. 324/BOL dated 19 April 2011 issued by the Bank of Lao P.D.R, the Bank's branch in Lao People's Democratic Republic ("the Branch") is required to classify loans and make provision for loans to customers. Accordingly, loans are classified as *Performing loans* or *Non-performing loans* based on the payment arrears status and other qualitative factors. Loans classified as either *Current*, or *Special Mention* are defined as *Performing loans*. Loans classified as either *Substandard* or *Doubtful* or *Loss* are defined as *Non-performing loans*.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Provision for credit losses* (continued)

3.2.1 Loan balance from customers of the Bank (continued)

3.2.1.3 *Provision for credit losses in Laos* (continued)

According to Decision No. 324/BOL, banks are not required to create specific provision for performing loans. Specific provision for non-performing loans is made by multiplying the outstanding balance of individual loans with the provision rates applicable to each group as follows:

<i>Group</i>	<i>Name</i>	<i>Specific provision rate</i>
C	Substandard	20%
D	Doubtful	50%
E	Loss	100%

In accordance with Decision No. 324/BOL, apart from specific provision, a general provision is made for loans which are classified as "Performing loans". Accordingly, the Branch is required to make a general provision for loan losses at rate of 3.00% of total balance of Special Mention loans as at the consolidated balance sheet date and general provision made for Current loans shall be based on the BOL's notification in each period. For the year ended 31 December 2012, the general provision rate for Current loans was 0.50% in accordance with Official Letter No. 242/BOL dated 2 April 2011 issued by the Bank of the Lao P.D.R, as this letter is still effective for the year 2012.

3.2.2 *Receivables from customers related to securities transactions of SHB Securities Joint Stock Company, a subsidiary of the Bank*

Receivables are subject to review for provision based on overdue period or expected loss that are possibly incurred for undue receivables but the debtors are bankrupted or in the process of liquidation (for corporate entities) or are missing, under legal prosecution, trial or serving sentences or dead (for individuals). The provision rates for doubtful receivables in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance are as follows:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Trading securities*

Trading securities are debt securities, equity securities and other securities that the Bank and its subsidiaries bought and held principally for the purpose of selling them in the near future in order to benefit from price variance.

Trading securities are recognised at cost at transaction date and continuously recorded at cost in the following accounting periods.

Income from trading securities is recognised into the consolidated income statement on a cash basis.

At the consolidated balance sheet date, trading securities are subject to review for impairment. Allowance for impairment is made when their carrying value is greater than their market value determined in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009. In case market prices of securities cannot be determined, no provision for impairment is made. Impairment losses are recognised in the consolidated income statement as “*Net gain/(loss) from trading securities*”.

3.4 *Investment securities*

3.4.1 *Available-for-sale securities*

Available-for-sale securities include debt and equity securities which are not qualified to be classified as trading and held-to-maturity, and which the Bank and its subsidiaries hold for an indefinite period till an opportunity for profit is given. Moreover, the Bank and its subsidiaries are neither founding shareholders, strategic shareholders, nor have certain influence to participate in the financial and operating policy making process through a written agreement on delegating their representatives in the Board of Directors/ Board of Management.

Available-for-sale equity securities are recognised at cost at transaction date and continuously recorded at cost in the following accounting periods.

Available-for-sale debt securities are recorded at par value at transaction date. Accrued interest of the securities before purchase (for debt securities with interest payment in arrears) or interest received in advance (for debt securities with interest payment in advance) is recorded in a separate account. Discount/ premium, which is the negative/ positive difference between the original cost and the amount including the par value plus (+) accrued interest before purchase (if any) or minus (-) interest received in advance (if any), is also recorded in a separate account.

In subsequent years, available-for-sale debt securities are continuously recognised at face value. Discount/ premium (if any) is amortised on a straight-line basis till the maturity date to the consolidated income statement. Interest payment in arrears is recorded as follows: accumulative interest income before purchasing date is recorded as a decrease in value of such securities and the same amount is credited into the accrued interest; accumulative interest income after purchasing date is recognised as Bank and its subsidiaries' income based on the accumulated method. Interest is accrued and recognised into consolidated income statement using the straight-line method during the period of investment.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 *Investment securities* (continued)

3.4.1 *Available-for-sale securities*

Available-for-sale securities are subject to review for impairment at the consolidated balance sheet date. Provision for impairment of trading securities is recorded when their market value is lower than their book value, as stipulated in Circular No. 228/2009/TT-BTC dated 7 December 2009. In case the market values of the securities cannot be determined, no provision is calculated.

Any impairment loss is recognized in the consolidated income statement as "*Net gain/(loss) from investment securities*".

3.4.2 *Held-to-maturity securities*

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

Held-to-maturity investment securities are initially recognised at par value as at the transaction date. Accumulative interest income accrued before the purchasing date (for debt securities with interest payment in arrears) or interest income received in advance (for debt securities with interest payment in advance) is recorded in a separate account. Any discount/ premium which is the difference between par value and the amount including par value plus (+) accumulative interest income before purchasing date (if any) or minus (-) interest income received in advance (if any) is also recorded in a separate account.

In the next accounting periods, held-to-maturity securities are continuously recognised at face value. Discount/ premium (if any) is amortised on a straight-line basis till the maturity date to the consolidated income statement. Interest payment in arrears is recorded as follows: accumulative interest income before the purchasing date is recorded as a decrease in value of such securities and the same amount is credited into accrued interest; accumulative interest income after the purchasing date is recognised as the Bank and its subsidiaries' income, based on the accumulated method. Interest received in advance is recorded and amortised in the consolidated income statement using the straight-line method.

Held-to-maturity investments are subject to review for impairment at the consolidated balance sheet date. Allowance for impairment is made when their carrying value is greater than their market value in compliance with Circular No. 228/2009/TT-BTC dated 7 December 2009. In case, the market value of securities cannot be determined, provision for impairment of securities is not made. Provision for impairment is recognised in the consolidated income statement on the item "*Net gain/(loss) from investment securities*".

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Repurchase and reverse repurchase agreements*

Assets sold under agreements to repurchase at a specific date in the future are not derecognised from the consolidated balance sheet. The corresponding cash receipt under these agreements is recognised as a liability item in the consolidated balance sheet, reflecting its economic substance as a loan to the Bank. The difference between sale price and repurchase price is amortised over the life of the agreement on a straight-line basis to the consolidated income statement.

Conversely, assets purchased under agreements to resell at a specific date in the future are not recognised in the consolidated balance sheet. The corresponding cash paid under these agreements is recognised as an asset in the consolidated balance sheet and the difference between the purchase price and resale price is amortised over the life of the agreement to the consolidated income statement on a straight-line basis using the contractual interest rate.

3.6 *Other long-term investments*

Equity securities are classified as other long-term investments only when the Bank and its subsidiaries hold less than 20% of voting rights and the Bank or its subsidiaries are the founding shareholder or strategic shareholder, or has certain influence to participate in the financial and operating policy making process through a written agreement on delegating its representatives in the Board of Directors/Board of Management.

Long-term investments are recognised at cost at transaction date and continuously recorded at cost in the following accounting periods.

Other long-term investments are subject to review for impairment at the consolidated financial statement date. Allowance for impairment of other long-term investments is made when the business entities invested are operating at loss (except for losses were previously estimated and documented in the business plan before the investment is made) in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance. Accordingly, provision for investment is calculated as the difference between the actual contributed capital of all parties in the investee and the equity of the investee multiplied by (x) the proportion of capital contributed by the Bank and its subsidiaries to total capital contribution of parties in the investee.

3.7 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalised while expenditures for maintenance and repairs are charged to the consolidated income statement.

When assets are sold or liquidated, their cost and accumulated depreciation are removed from the consolidated balance sheet and any gains or losses resulting from their disposal are recorded to the consolidated income statement.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of a fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalised while expenditures for maintenance and repairs are charged to the consolidated income statement.

When assets are sold or liquidated, their cost and accumulated amortisation are removed from the consolidated balance sheet and any gains or losses resulting from their disposal are recorded to the consolidated income statement.

3.9 *Investment properties*

Investment properties are the properties of the Bank and its subsidiaries for the purpose of earning rentals. Investment properties are initially recognised at purchase price, including transaction costs and subsequently stated at cost less accumulated depreciation. Depreciation expenses are recorded in other operating expense.

3.10 *Leases*

The Bank and its subsidiaries as lessees

Payments made periodically for the operating leasing are not recorded in the consolidated balance sheet. Rentals under the operating leases are recorded as “*Other operating expenses*” on a straight-line basis over the lease term.

3.11 *Depreciation and amortisation*

Depreciation and amortisation of tangible fixed assets, intangible assets and investment properties are calculated on a straight-line basis over the estimated useful life of the assets, which are as follows:

Buildings and building improvements	25 years
Machines and equipment	3 - 5 years
Motor vehicles	6 - 10 years
Office equipment	3 - 7 years
Other tangible assets	3 - 7 years
Computer software	3 - 8 years
Other intangible assets	20 years

The cost of the land use rights acquired from real estate transactions is not amortised. The cost of land use rights with definite term is amortised over the lease term.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 *Trusted investments*

Commercial banks reserve rights to be the trust, trustee, or agent in relation to banking activities, business insurance, assets management as prescribed by the State Bank of Vietnam. According to Circular No. 04/2012/TT-NHNN dated 8 March 2012 approved by the Governor of the State Bank of Vietnam, credit institutions must classify, make provision for and write-off (if needed) trusted investments related to banking activities. Accordingly, the Bank and its subsidiaries are classifying and provisioning for trusted investments related to banking activities in accordance with Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN.

Provision for impairment of other trusted investments is based on their overdue status or estimated possible loss for trusted investments which are not yet overdue but the trustees are bankrupted or liquidated (for corporate) or are deceased, missing or under legal claim (for individual). For overdue trusted investments, provision is made based on residual risks, calculated by subtracting collateral value from net book value of the trusted investment (included accrued interests) multiplied by provision rates regulated in Circular No. 228/2009/TT-BTC dated 07 December 2009 as follows:

<u>Overdue status</u>	<u>Allowance rate</u>
From over six (06) months up to one (01) year	30%
From one (01) to two (02) years	50%
From two (02) to three (03) years	70%
From three (03) years and above	100%

3.13 *Subsidiary's purchased debts*

In accordance with Circular No. 27/2002/TT-BTC dated 22 March 2002 of the Ministry of Finance that provides guidance on Regime of Finance for Assets Management Companies belonged to Commercial Banks, assets management companies shall make provisions for the debts purchased. Time, base and rate to make provision for purchased debts shall be determined by the Chairman of the commercial bank's Board of Directors, and should be stipulated in the Company's financial regime. It should be noted that as at the the balance sheet date, the provision shall be at least 5% of the total value of the purchased debt, which is the purchase price less proceeds for repayment from these purchased debts. Provision expenses are recorded in "Other operating expenses" on the consolidated income statement.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Other receivables

Apart from receivables from credit activities, other receivables are initially recognised at cost and always reflected at cost in the following fiscal periods.

Provision for impairment loss is based on the overdue status of receivables or estimated possible loss for receivables which are not yet overdue but the debtors are bankrupted or liquidated (for corporate) or are deceased, missing or under legal claim (for individual). Provision expense is recorded in “*Other operating expenses*” on the consolidated income statement.

Provision is made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 by the Ministry of Finance and as follows:

<u>Overdue status</u>	<u>Allowance rate</u>
From over six (06) months up to one (01) year	30%
From one (01) to two (02) years	50%
From two (02) to three (03) years	70%
From three (03) years and above	100%

3.15 Provision for off-balance sheet commitments

According to Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN, credit institutions must classify guarantees, payment acceptances and irrevocable loan commitments with specific effective date (generally called “off-balance-sheet commitments”) into groups as regulated in Article 6 of Decision No. 493/2005/QD-NHNN, namely *Current, Special Mention, Substandard, Doubtful and Loss* based on the overdue status and other qualitative factors; and make provision for them.

Current Cambodian and Laos regulations do not require the Bank to classify and make provision for off-balance sheet commitments.

Specific and general provision for off-balance-sheet commitments occurred in Vietnam is calculated similarly to the provision for loans and advances to customers as described in Note 3.2.1. Provision expense is recorded as “*Provision for credit losses*” in the consolidated income statement and provision balance is recorded in “*Other provision*” on the consolidated balance sheet.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Currency derivative contracts*

Foreign currency Forwards and Swaps

For foreign currency forward and swap contracts, the difference between equivalent VND amounts of foreign currency committed to buy/sell using forward exchange rate and spot exchange rate as at the effective date of the contract is recognised immediately as an asset “*Derivatives and other financial assets*” when it is positive, and as a liability “*Derivatives and other financial liabilities*” when it is negative. The difference is subsequently amortised into the consolidated income statement as “*Net gain/(loss) from foreign currency trading*” using the straight-line method over the term of the contract. As at the consolidated balance sheet date, commitments of foreign currency forward and swap contracts are revaluated using the official inter-bank exchange rate announced by the State Bank of Vietnam (Note 49).

During the year, gain or loss from revaluation is recorded in “*Foreign currency translation reserve*” on the consolidated balance sheet. At the end of the fiscal year, the cumulative gain or loss is transferred into the consolidated income statement as “*Net gain/(loss) from foreign currency trading*”.

3.17 *Foreign currency transactions*

The Bank maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into VND using exchange rates of interbank foreign exchange market at the consolidated balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December in Note 49). Income and expenses arising from foreign currencies during the year are translated into VND at rates ruling at the transaction dates. Unrealised foreign exchange differences arising from the translation of monetary assets and liabilities during the fiscal year are recorded to the consolidated income statement.

According to the Accounting System for Enterprise, SHB Debt and Asset Management One Sole Member Company Limited, a subsidiary, is applying Circular No. 201/2009/TT-BTC dated 15 October 2009 by the Ministry of Finance which provides guidance for the treatment of foreign exchange differences (the “Circular 201”) for its foreign currency transactions consistently since 2009. Accordingly, transactions in currencies other than the subsidiary’s reporting currency (VND) are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at exchange rates of interbank foreign exchange market at the consolidated balance sheet date. All realised and unrealised foreign exchange differences are recorded on the consolidated income statement except for the unrealised foreign exchange differences arising from the translation of short-term monetary assets and liabilities denominated in foreign currencies as at the consolidated balance sheet date, are recorded in the “*Foreign exchange translation reserve*” account within the equity of the consolidated balance sheet and will be reversed in the following year.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Recognition of income and expenses

3.18.1 Recognition of income and expenses from banking business activities

Interest income and interest expenses

Interest income and interest expenses are recognised in the consolidated income statement on the accrual basis. The recognition of interest income is suspended when loans and advances become impaired, which occurs when a loan is classified in groups 2 to 5 according to the criteria set in Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN issued by the State Bank of Vietnam. Suspended interest income is reversed and monitored in the off-balance sheet and only recognised in the consolidated income statement upon actual receipt.

Fees and commissions

Fees and commissions are recognised when the services are provided.

3.18.2 Recognition of revenues from other activities

Revenue from securities brokerage activities

Where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the recognised expenses which are recoverable.

Revenue from securities trading

Revenue from securities trading is determined by the difference between the selling price and the weighted average cost of securities sold.

Revenue from Repo transactions

Revenue is recognised in the consolidated income statement over the effective period of the repo contract using the straight line method.

Fees from investment portfolio management service

Fees from investment portfolio management service are recognised on an accrual basis over the contractual conditions and terms of the investment management contract.

Revenue from other services

Where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the recognised expenses which are recoverable.

Dividends

Income is recognised when the right to receive dividend of the Bank and its subsidiaries is established. Dividend received in shares and bonus shares is not recognised as the Bank and its subsidiaries income but only the number of shares is updated.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Enterprise income taxes

Current enterprise income tax

Current enterprise income tax assets and liabilities for the current and prior years are measured at the amount expected to be paid to (or recovered from) the taxation authorities. The tax rates and tax laws are applied and enacted at the consolidated balance sheet date.

Current enterprise income tax should be charged or credited directly to the consolidated income statement except for items related to the tax that are credited or charged, in the same or a different year, directly to equity, in which case current enterprise income tax is also charged or credited directly to equity.

Current enterprise income tax assets and liabilities are only offset when there is a legally enforceable right to set off current enterprise income tax assets against current enterprise income tax liabilities and when the Bank and its subsidiaries intend to settle their current enterprise income tax assets and liabilities on a net basis.

The Bank and its subsidiaries' tax returns are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and regulations in Vietnam, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

Deferred enterprise income tax

Deferred enterprise income tax is provided on temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purpose at the consolidated balance sheet date.

Deferred enterprise income tax liabilities are recognised for all taxable temporary differences, except:

- ▶ Where the deferred enterprise income tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ Where taxable temporary differences are associated with investments in subsidiaries, associates and joint ventures and the Bank and its subsidiaries have the ability to control the time of reverting these temporary differences and it is likely that these temporary differences will not be reverted in the foreseeable future.

Deferred enterprise income tax assets are recognised for all deductible temporary differences, tax losses carried forward and unused tax credits when it is probable that the Bank and its subsidiaries will generate sufficient taxable profit in the foreseeable future to use deductible temporary differences, taxable losses and tax advantages, except:

- ▶ Where the deferred enterprise income tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss, and
- ▶ Where taxable temporary differences are associated with investments in subsidiaries, associates and joint ventures and it is likely that these temporary differences will be reversed in foreseeable future and the Bank and its subsidiaries will make taxable earnings to use these temporary differences.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 *Enterprise income taxes* (continued)

Current enterprise income tax (continued)

The carrying amount of deferred enterprise income tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred income tax assets are reassessed at each consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred enterprise income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

Deferred enterprise income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred enterprise income tax is also dealt in the equity account.

Deferred enterprise income tax assets and liabilities are offset when there is a legally enforceable right to net current enterprise income tax assets against current enterprise income tax liabilities and when they relate to income taxes levied by the same taxable entity and the same taxation authority and the Bank and its subsidiaries intend to settle their current tax assets and liabilities on a net basis.

3.20 *Statutory reserves*

In accordance with Decree No. 57/2012/ND-CP effective from 15 September 2012, the Bank is required to make supplemental capital reserve and financial reserves from net profit in the fiscal year.

In accordance with Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance that provide guidance on the regime of finance for assets management companies of commercial banks, assets management companies shall create reserves in accordance with the requirements of the SBV following their parent commercial banks.

In accordance with Decision No. 27/2007/QD-BTC dated 24 April 2007 issued by the Ministry of Finance on the organisation and operation of securities companies, companies shall make supplemental capital reserve and financial reserves from net profit in the fiscal year.

3.21 *Cash and cash equivalents*

Cash and cash equivalents as referred to in the consolidated cash flow statement comprises cash, gold, gemstones, current accounts with the SBV, treasury bills and other short-term valuable papers that are eligible for discount at the SBV, amounts due from other banks and securities with an original maturity of less than three months from the acquisition date, with high liquidity and and being readily convertible into known amounts of cash.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 *Fiduciary assets*

Assets held in trust or in a fiduciary capability are not reported in the consolidated financial statements since they are not assets of the Bank and its subsidiaries.

3.23 *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset financial assets against financial liabilities or vice-versa, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.24 *Segment reporting*

A segment is a separately determinable component of the Bank and its subsidiaries engaging in providing some related products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each of segments is subject to risks and benefits which differ from the others. Primary segment report of the Bank and its subsidiaries is a segment reporting in terms of geographical area. Secondary segment report of the Bank and its subsidiaries is a segment reporting in terms of business activities.

3.25 *Employee benefits*

3.25.1 *Post employment benefits*

Post employment benefits are paid to the retired employees of the Bank and its subsidiaries by the Social Insurance Agency which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank and its subsidiaries are required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.00% of an employee's basic salary on a monthly basis. The Bank and its subsidiaries have no further obligation to fund the post employment benefits of their employees, other than the liability to pay Social Insurance Agency on a monthly basis.

The Bank and its subsidiaries' employees who are subject to early retirement due to restructuring are entitled to one month of basic salary for every 12 months of employment and half month of basic salary for each month of early retirement (maximum 30 months). Early retirement allowance is debited to termination allowance. Additionally, the Bank also pays three months of salary to these employees from their retrenchment allowance.

3.25.2 *Voluntary resignation and retrenchment benefits*

Voluntary resignation benefits: The Bank and its subsidiaries have the obligation, under Article 42 of the Vietnam Labor Code amended on 2 April 2002, to pay allowance arising from voluntary resignation of employees. The allowance is equivalent to one-half month's salary for each year of employment plus salary allowances (if any) until 31 December 2008. From 1 January 2009, the average monthly salary used to calculate the voluntary resignation benefits is adjusted at the end of the reporting date based on the average salaries of the latest six consecutive months.

Retrenchment benefits: The Bank and its subsidiaries have the obligation, under Article 17 of the Vietnam Labor Code, to pay allowance to employees who are retrenched as a result of organisational restructuring or technological changes. In such case, the Bank shall pay to employees an allowance for loss of work equivalent to the aggregate amount of one month's salary for each year of employment, but no less than two months' salary. Increase or decrease in the account balance of provision is accounted into "Other operating expenses" in the period.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Employee benefits (continued)

3.25.3 Unemployment Insurance

The Bank and its subsidiaries have the obligation to contribute to the Unemployment Insurance Fund at the amount equal to 1.00% of their insured employees' salaries and remunerations and withhold the same amount from the insured employees' salaries and remunerations to contribute to the Unemployment Insurance Fund in accordance with Circular No. 04/2009/TT-BLDTBXH providing guidance on implementation of the Decree No. 127/2008/ND-CP, which is effective from 1 January 2009.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SEGMENT REPORTING

4.1 Segment reporting in terms of business activities

	<i>Credit</i>	<i>Investment</i>	<i>Services</i>	<i>Treasury</i>	<i>Other</i>	<i>VNDm Total</i>
For the period from 01 January to 31 December 2012						
1. Direct revenue	5,725,511	2,427,810	655,124	2,373,732	-	11,182,177
As at 31 December 2012						
1. Segment assets	66,147,880	17,401,568	18,833	25,751,677	-	109,319,958
2. Asset allocation	2,716,011	49,119	3,525,037	927,489	-	7,217,656
Total assets	68,863,891	17,450,687	3,543,870	26,679,166	-	116,537,614
1. Segment liabilities	(142,546)	-	(38,816)	(105,963,652)	-	(106,145,014)
2. Liability allocation	(332,570)	(6,015)	(431,634)	(113,569)	-	(883,788)
Total liabilities	(475,116)	(6,015)	(470,450)	(106,077,221)	-	(107,028,802)

4.2 Segment reporting in terms of geographic areas

	<i>Overseas</i>	<i>Domestic</i>			<i>Total</i>
		<i>North</i>	<i>Centre</i>	<i>South</i>	
Net interest and similar income	51,751	875,466	202,816	745,495	1,875,528
Net fees and commission income	1,661	114,530	2,434	33,472	152,097
Net gain/(loss) from foreign currencies trading	(435)	37,335	334	10,729	47,963
Net gain from securities trading	-	140,376	-	-	140,376
Net gain from investment securities	-	23,548	-	-	23,548
Net gain/(loss) from other operating activities	(4,892)	632,649	53,042	8,235	689,034
Dividend income	-	10,910	-	-	10,910
Operating expenses	(38,013)	(1,191,445)	(141,095)	(308,440)	(1,678,993)
Profit from operating activities before provision for credit losses	10,072	643,369	117,531	489,491	1,260,463
(Provision)/ Reversal of provision for credit losses	(8,528)	643,578	16,533	(86,843)	564,740
Profit before tax (before losses transferred from Habubank)	1,544	1,286,947	134,064	402,648	1,825,203

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

5. CASH AND CASH EQUIVALENTS

	31/12/2012 VNDm	31/12/2011 VNDm
Cash on hand in VND	256,768	293,850
Cash on hand in foreign currencies	224,361	131,369
Gold	3,758	-
	484,887	425,219

6. BALANCES WITH THE STATE BANK

	31/12/2012 VNDm	31/12/2011 VNDm
Balances with the State Bank of Vietnam (“the SBV”)	2,789,224	35,112
Balances with National Bank of Cambodia (“the NBC”)	109,625	-
Balances with the Bank of Laos (“the BOL”)	133,020	-
	3,031,869	35,112

Balances with the SBV

Balances with the SBV include settlement and compulsory deposits. As at 31 December 2012, compulsory deposits in VND and settlement deposits in foreign currencies earned annual interest at rates of 1.20% and 0.05%, respectively (31 December 2011: 1.20% p.a. and 0.05% p.a., respectively).

In accordance with the SBV’s regulations, the Bank is required to maintain certain cash reserves with the SBV in the form of compulsory deposits, which are computed at 3.00% and 8.00% (2011: 3.00% and 8.00%) for demand deposits and deposits with terms of less than 12 months in VND and foreign currencies, respectively, and at 1.00% and 6.00% (2011: 1.00% and 6.00%) for deposits with terms of over 12 months in VND and foreign currencies, respectively. The Bank’s average compulsory deposits in VND and foreign currencies in December 2012 amounted to VNDm 2,449,416 and USD 58,524 thousand (or VNDm 1,218,938).

During the year, the Bank has maintained its compulsory reserve in compliance with the compulsory reserve requirement notifications from the SBV.

Balances with the NBC

Balances with the National Bank of Cambodia (the “NBC”) include margin deposits for the establishment of the Bank’s branch in Cambodia and the compulsory reserve required by the NBC. The compulsory reserve is calculated based on the daily average balance of deposits at the rates of 8.00% for deposits in Riels and 12.50% for deposits in foreign currencies. The 8.00% reserve in Riels and the reserve in foreign currencies within 8.00% out of 12.50% have interest free. The remaining reserve of 4.50% is entitled to interest at the rate determined by Prakas on term deposit interest rates (as at 31 December 2012, the rate is 0.10% p.a.).

Balances with the BOL

Balances with the Bank of Laos P.D.R (the “BOL”) include margin deposits for the establishment of the Bank’s branch in Laos and the compulsory reserve required by the BOL. The Bank’s branch is required to maintain compulsory reserve at 0% for term deposit over 12 months, 5.00% and 10.00% for deposits with terms of less than 12 months in LAK and in foreign currencies, respectively. The margin deposits at the BOL are not entitled to interest.

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

7. PLACEMENTS WITH AND LOANS TO OTHER BANKS

	31/12/2012 VNDm	31/12/2011 VNDm
Placements with other banks	20,996,608	18,845,175
<i>Current accounts with other banks</i>	1,117,223	3,158,282
In VND	980,700	3,071,502
In foreign currencies and gold	136,523	86,780
<i>Term deposits with other banks (*)</i>	19,879,385	15,686,893
In VND	18,873,242	14,316,411
In foreign currencies and gold	1,006,143	1,370,482
Loans to other banks	8,890,044	
In VND	7,350,000	
In foreign currencies and gold	1,540,044	
Provision for placements with and loans to other banks	(24,404)	
	29,862,248	18,845,175

(*) Transactions arised before 01 September 2012

Changes in the provision for placements with and loans to other banks in the current year are summarised as below:

	Specific provision VNDm	General provision VNDm	Total VNDm
Opening balance	-	-	-
Provision expense in the year	-	24,404	24,404
Closing balance	-	24,404	24,404

8. TRADING SECURITIES

Investments in trading securities as at 31 December include:

	31/12/2012 VNDm	31/12/2011 VNDm
Equity securities	40,564	36,165
Securities issued by other local credit institutions	-	-
Securities issued by local business entities	40,564	36,165
Provision for impairment of trading securities	(27,177)	(18,361)
	13,387	17,804

The listing status of trading securities is as follows:

	31/12/2012 VNDm	31/12/2011 VNDm
Equity securities	40,564	36,165
Listed	40,564	36,165
Unlisted	-	-
	40,564	36,165

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

9. DERIVATIVES AND OTHER FINANCIAL ASSETS

	<i>Total net carrying value (at exchange rates as at the consolidated balance sheet date)</i>		
	<i>Assets VNDm</i>	<i>Liabilities VNDm</i>	<i>Net carrying value VNDm</i>
As at 31 December 2012			
<i>Currency derivatives</i>	5,847	-	5,847
Forward contracts	3,264	-	3,264
Swap contracts	2,583	-	2,583
As at 31 December 2011			
<i>Currency derivatives</i>	4,650	(614)	4,036
Forward contracts	4,650	-	4,650
Swap contracts	-	(614)	(614)

10. LOANS AND ADVANCES TO CUSTOMERS

	<i>31/12/2012 VNDm</i>	<i>31/12/2011 VNDm</i>
Loans to local business entities and individuals	55,722,484	28,917,037
Discounted valuable papers	985,650	22,168
Amounts paid for commitments to other parties on behalf of customers	582	2,271
Trusted loans	74,572	10,719
Other loans to local business entities and individuals	22,013	206,466
	56,805,301	29,158,661
REPO with customers of SHB Debt and Asset Management One Sole Member Company Limited	2,200	3,190
Receivables from securities trading of SHB Securities JSC.	132,223	-
	56,939,724	29,161,851
	<i>2012 Average interest % p.a.</i>	<i>2011 Average interest % p.a.</i>
Commercial loans denominated in VND	14.10	19.50
Commercial loans denominated in foreign currencies	6.31	6.55

Commercial loans comprise short-term, medium-term and long-term loans including syndicated loans led by the Bank, which are denominated in VND, USD and EUR.

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

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

10.1 Analysis of loans by quality

	<i>31/12/2012</i>	<i>31/12/2011</i>
	<i>VNDm</i>	<i>VNDm</i>
Current	47,177,222	27,413,610
Special mention (*)	4,613,612	1,093,638
Substandard	1,030,821	218,922
Doubtful	1,774,175	154,148
Loss	2,209,471	278,343
	56,805,301	29,158,661
REPO with customers of SHB Debt and Asset Management One Sole Member Company Limited	2,200	3,190
Receivables from securities trading of SHB Securities Joint Stock Company	132,223	-
	56,939,724	29,161,851

(*) This included outstanding loan balances to Vietnam Shipbuilding Industry Group ("Vinashin"), its members and the members which have been merged with Petro Vietnam Oil and Gas Corporation ("PVN"), or Vietnam National Shipping Lines ("Vinalines"). Such loans are classified and made provision in accordance with specific guidance of the State Authority on freezing and restructuring the debts to Vinashin and the members merged with PVN and Vinalines. Accordingly, the Bank has made specific provision for loans and advances to these borrowers based on its financial capability.

10.2 Analysis of loans by original terms

	<i>31/12/2012</i>	<i>31/12/2011</i>
	<i>VNDm</i>	<i>VNDm</i>
Short-term loans	32,227,573	18,514,230
Medium-term loans	12,770,917	6,394,821
Long-term loans	11,941,234	4,252,800
	56,939,724	29,161,851

Short-term loans include balances of REPO with customers of SHB Debt and Asset Management One Sole Member Company Limited and receivables from securities trading of SHB Securities Joint Stock Company amounting to VNDm 2,200 and VNDm 132,223, respectively.

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

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

10.3 Analysis of loans by ownership

	31/12/2012	%	31/12/2011	%
	VNDm		VNDm	
Corporate loans	40,682,284	71.44	19,951,578	68.42
Central state-owned enterprises	2,127,108	3.74	791,375	2.71
Provincial state-owned enterprises	560,436	0.98	224,399	0.77
State limited companies	2,944,494	5.17	1,063,033	3.65
Private limited companies	11,452,224	20.11	6,280,638	21.54
State joint stock companies	3,197,708	5.62	2,138,144	7.33
Other joint stock companies	19,063,710	33.48	8,575,625	29.41
Partnerships	1,706	0.00	1,319	0.00
Private enterprises	763,502	1.34	531,685	1.82
Foreign invested enterprises	500,953	0.88	328,493	1.13
Co-operatives	70,443	0.12	16,867	0.06
Individual loans	15,937,074	27.99	9,075,962	31.12
Other loans	185,943	0.33	131,121	0.45
	56,805,301	99.76	29,158,661	99.99
REPO with customers of SHB Debt and Asset Management One Sole Member Company Limited	2,200	0.01	3,190	0.01
Receivables from securities trading of SHB Securities JSC.	132,223	0.23	-	-
	56,939,724	100.00	29,161,851	100.00

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

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

10.4 Analysis of loans by sectors

	31/12/2012 VNDm	%	31/12/2011 VNDm	%
Agricultural, forestry and aquaculture	8,090,626	14.21	3,478,762	11.93
Mining	3,964,713	6.96	2,676,492	9.18
Processing, manufacturing	8,707,926	15.29	5,068,777	17.38
Electricity, petroleum & steam	1,342,569	2.36	486,452	1.67
Water supply and waste treatment	23,686	0.04	6,195	0.02
Construction	6,118,343	10.75	3,301,472	11.32
Wholesale and retail trade, repair of motor vehicles, motor cycles and personal goods	10,504,245	18.45	5,742,949	19.69
Transportation and storage	4,092,720	7.19	1,553,418	5.33
Hospitality	1,284,432	2.26	782,871	2.68
Information and communication	95,341	0.17	28,032	0.10
Financial services	654,824	1.15	463,209	1.59
Real estate development & property investment	2,236,672	3.93	1,392,049	4.77
Scientific research	17,105	0.03	24,458	0.08
Administrative activities and support services	49,744	0.09	32,697	0.11
Activities of the Communist Party, political - social organisations, state management, security and defense	4,992	0.01	5,303	0.02
Education and training	44,085	0.08	13,480	0.05
Healthcare and community development	76,326	0.13	45,346	0.16
Recreational, cultural, sporting activities	21,757	0.04	12,709	0.04
Other service activities	9,206,154	16.17	3,822,944	13.11
Households services, production of material products and services used by households	261,952	0.44	185,738	0.64
International activities	7,089	0.01	35,308	0.12
	56,805,301	99.76	29,158,661	99.99
REPO with customers of SHB Debt and Asset Management One Sole Member Company Limited	2,200	0.01	3,190	0.01
Receivables from securities trading of SHB Securities Joint Stock Company	132,223	0.23	-	-
	56,939,724	100.00	29,161,851	100.00

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

11. PROVISION FOR CREDIT LOSSES

Details of provision for credit losses presented in the consolidated financial statements at 31 December are as follows:

	<i>31/12/2012</i> <i>VNDm</i>	<i>31/12/2011</i> <i>VNDm</i>
Provision for credit losses in Vietnam	1,241,903	354,967
Provision for credit losses in Cambodia	8,074	-
Provision for credit losses in Laos	454	-
Provision for credit losses	1,250,431	354,967
Provision for contingent liabilities and off-balance sheet commitments	40,813	26,315
	<u>1,291,244</u>	<u>381,282</u>

11.1 Provision for credit losses from loans and advances to customers

11.1.1 Provision for credit losses from loans and advances to customers in Vietnam

The Bank makes the loan classification in compliance with Article 6 of Decision No. 493/2005/QD-NHNN, Decision No. 18/2007/QD-NHNN, Decision 780/2012/QD-NHNN and its policy for loan classification and provision for credit losses. Accordingly, the provision at 31 December is made based on the classification of loans as at 30 November.

Changes in the provision for credit losses from loans and advances to customers in the current year are summarised as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	154,962	200,005	354,967
Provision transferred from Habubank	1,387,888	111,218	1,499,106
Provision expense in the year	1,045,446	150,053	1,195,499
Reversal of provision during the year	(1,680,876)	(126,793)	(1,807,669)
Closing balance	<u>907,420</u>	<u>334,483</u>	<u>1,241,903</u>

Changes in the provision for credit losses from loans and advances to customers in the previous year are summarised as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	107,732	164,824	272,556
Provision expense in the year	74,373	74,796	149,169
Reversal of provision during the year	(26,404)	(39,615)	(66,019)
Use of provision from January to November	-	-	-
Balance as at 30 November	<u>155,701</u>	<u>200,005</u>	<u>355,706</u>
Use of provision in December	(739)	-	(739)
Closing balance	<u>154,962</u>	<u>200,005</u>	<u>354,967</u>

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

11. PROVISION FOR CREDIT LOSSES (continued)

11.1 *Provision for credit losses from loans and advances to customers* (continued)

11.1.2 *Provision for credit losses from loans and advances to customers in Cambodia*

For loans incurred at the Cambodian branch, the Bank classifies loans and makes provision in compliance with Prakas No. B7-09-074 dated 25 February 2009 of the National Bank of Cambodia.

Changes in the provision for loans for loans at Cambodia in the current period as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	-	-	-
Provision expense in the period	-	8,074	8,074
Reversal of provision during the period	-	-	-
Use of provision during the period	-	-	-
Closing balance	-	8,074	8,074

11.1.3 *Provision for credit losses from loans and advances to customers in Laos*

For loans incurred at the Laos branch, the Bank classifies loans and makes provision in compliance with Decision No. 324/BOL of the Bank of Laos.

Changes in the provision for credit losses for loans in Laos in the current period as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	-	-	-
Provision expense in the period	-	454	454
Reversal of provision during the period	-	-	-
Use of provision during the period	-	-	-
Closing balance	-	454	454

11.2 *Provision for contingent liabilities and off-balance sheet commitments*

Changes in the provision for contingent liabilities and off-balance sheet commitments in the current year are summarised as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	-	26,315	26,315
Provision expense in the year	-	23,544	23,544
Reversal of provision during the year	-	(9,046)	(9,046)
Closing balance	-	40,813	40,813

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

11. PROVISION FOR CREDIT LOSSES (continued)

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

Changes in the provision for contingent liabilities and off-balance sheet commitments in the previous year are summarised as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	-	7,930	7,930
Provision expense in the year	-	23,014	23,014
Reversal of provision during the year	-	(4,629)	(4,629)
Closing balance	-	26,315	26,315

12. INVESTMENT SECURITIES

	<i>31/12/2012 VNDm</i>	<i>31/12/2011 VNDm</i>
Available-for-sale securities	8,418,596	12,501,240
Debt securities	8,370,572	12,480,528
Securities issued by the Government of Vietnam	4,947,245	950,000
Securities issued by other local credit institutions	375,018	8,430,106
Securities issued by local business entities	3,048,309	3,100,422
Securities issued by foreign entities	-	-
Equity securities	48,024	20,712
Securities issued by other local credit institutions	11,689	11,689
Securities issued by local business entities	36,335	9,023
Securities issued by foreign entities	-	-
Provision for impairment of available-for-sale securities	(9,864)	(14,686)
Held-to-maturity securities	4,290,544	2,610,840
Securities issued by the Government of Vietnam	869,688	1,000,000
Securities issued by other local credit institutions	2,345,668	1,610,840
Securities issued by local business entities	1,075,188	-
Securities issued by foreign entities	-	-
Provision for impairment of held-to-maturity securities	-	-
	12,699,276	15,097,394

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

12. INVESTMENT SECURITIES (continued)

12.1 Available-for-sale securities

12.1.1 Debt securities

Details of available-for-sale debt securities held by the Bank and its subsidiaries as at 31 December are as follows:

	31/12/2012		31/12/2011	
	Face value VNDm	Carrying value VNDm	Face value VNDm	Carrying value VNDm
Bonds issued by the Government	4,712,939	4,947,245	950,000	950,000
Bonds issued by the State Treasury in VND	1,512,939	1,567,016	-	-
Bonds issued by Vietnam Development Bank	3,150,000	3,316,404	950,000	950,000
Municipal bonds	50,000	63,825	-	-
Securities issued by other local credit institutions	362,020	375,018	8,430,000	8,430,106
Bonds issued by Bank for Investment and Development of Vietnam	49,600	62,598	200,000	200,106
Bonds issued by Hanoi Building Commercial J.S. Bank	-	-	130,000	130,000
Bonds issued by Saigon Thuong tin Commercial J.S. Bank	-	-	100,000	100,000
Bills issued by An Binh Commercial J.S Bank	312,420	312,420	-	-
Bills issued by Hanoi Building Commercial J.S Bank	-	-	1,000,000	1,000,000
Bills issued by Southeast Asia Commercial J.S Bank	-	-	7,000,000	7,000,000
Securities issued by local economic entities	3,058,000	3,048,309	3,106,000	3,100,422
Bonds issued by No.1 Construction Corporation	300,000	300,000	300,000	300,000
Bonds issued by Song Da Investment and Construction JSC.	300,000	300,000	300,000	300,000
Bonds issued by Hanoi General Export Import JSC.	300,000	295,436	-	-
Bonds issued by Saigon – Hanoi Securities JSC.	150,000	150,000	250,000	250,000
Bonds issued by other economic entities	2,008,000	2,002,873	2,256,000	2,250,422
	8,132,959	8,370,572	12,486,000	12,480,528

Bonds issued by the State Treasury have terms from two (02) to five (05) years and bear interest at rates ranging from 8.50% p.a. to 13.20% p.a. Interest is paid annually.

Bonds issued by Vietnam Development Bank have terms from two (02) to ten (10) years, and bear interest at rates ranging from 11.20% p.a. to 12.70% p.a.. Interest is paid annually.

Municipal bonds issued by People's Committee of Ho Chi Minh City have term of ten (10) years and bear interest at rate of 8.80% p.a. Interest is paid annually.

Bonds issued by Bank for Investment and Development of Vietnam have term of five (05) years, and bear interest at rate of 10.33% p.a. Interest is paid annually.

Bills issued by An Binh Commercial Joint Stock Bank are in USD and have term of nine (09) months and bear interest at rate of 2.00% p.a. Interest is paid annually.

Bonds issued by No.1 Construction Corporation have term of three (03) years and bear interest at rate of 12.00% p.a. for the first year. Interest is paid in lump sum for the first year. Interest rate is 15.00% p.a. for the first six-month period of the second year and floated for every 6 months since then (at 3.00% p.a. plus (+) the average interest of Vietnam International Joint Stock Commercial Bank and Saigon-Hanoi Commercial Joint Stock Bank for 12-month saving deposits which interest is paid at maturity. Applicable interest rate of the bonds was 16.00% p.a. as at 31 December 2012.

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

12. INVESTMENT SECURITIES (continued)

12.1 Available-for-sale securities (continued)

12.1.1 Debt securities (continued)

Bonds issued by Song Da Investment and Construction JSC. have term of five (05) years and bear interest at rate of 13.00% p.a. for the first year. Interest rate is floated for the following years and is calculated at 2.50% p.a. plus (+) the average interest rate for 12-month deposit, which interest is paid in arrears of the Head offices of Bank for Foreign Trade of Vietnam, Bank for Agriculture and Rural Development of Vietnam, Industrial and Commercial Bank of Vietnam and Bank for Investment and Development of Vietnam. As at 31 December 2012, the applicable interest rate of the bonds was 16.30% p.a.

Bonds issued by Hanoi Export-Import Joint Stock Company have term of three (03) years and interest rate applied for the first period is 20.00% p.a. Interest rate is floated for subsequent periods (Interest rate is calculated at 5.50% p.a. plus (+) the average interest rate for 12-month deposit of the four state commercial joint stock banks). Interest is paid annually. Interest rate of the bonds as at 31 December 2012 was 16.50% p.a.

Bonds issued by Saigon – Hanoi Securities Joint Stock Company have term of one (01) year and bear interest at rate of 16.50% p.a. Interest is paid at maturity.

Other bonds have terms from three (03) to ten (10) years and bear interest at rates ranging from 9.00% p.a. to 22.00% p.a. Interest is paid annually or at maturity.

13.1.2 Equity securities

Breakdown of available-for-sale equity securities held by the Bank and its subsidiaries as at 31 December are as follows:

	31/12/2012		31/12/2012	
	Cost VNDm	% owner- ship of the Bank	Cost VNDm	% owner- ship of the Bank
Investments in other local credit institutions	11,689		11,689	
Bank for Foreign Trade of Vietnam	10,894	0,12	10,894	0,12
Saigon Thuong tin Commercial J.S. Bank	795	0,002	795	0,002
Investment in economic entities	36,335		9,023	
Refrigeration Electrical Engineering Corporation	1,680	0,02	1,680	0,02
Petroleum Technical Services Corporation	1,855	0,01	1,855	0,01
Investments in other economic entities	32,800		5,488	
	48,024		20,712	

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

12. INVESTMENT SECURITIES (continued)

12.2 Held-to-maturity securities

	31/12/2012		31/12/2011	
	Face value VNDm	Carrying value VNDm	Face value VNDm	Carrying value VNDm
Government bonds	900,000	869,688	1,000,000	1,000,000
Treasury bills	900,000	869,688	1,000,000	1,000,000
Bonds issued by other local credit institutions	2,345,668	2,345,668	1,610,840	1,610,840
Bills issued by Southeast Asia Commercial J.S Bank	1,300,000	1,300,000	-	-
Bills issued by An Binh Commercial Joint Stock Bank	312,420	312,420	624,840	624,840
Deposit certificates issued by Vietnam-Russia Joint Venture Bank	-	-	500,000	500,000
Bills issued by First Commercial Joint Stock Bank	-	-	200,000	200,000
Bills issued by Dai tin Commercial Joint Stock Bank	-	-	286,000	286,000
Bills issued by Tien Phong Commercial J.S. Bank	733,248	733,248	-	-
Bonds issued by economic entities	1,072,000	1,075,188	-	-
	4,317,668	4,290,544	2,610,840	2,610,840

Treasury bills have terms of six (06) months and were acquired in the open market transaction at discounted price. The Bank has the intention and ability to hold these bonds to maturity.

Bills issued by Southeast Asia Commercial J.S Bank have term of nine (09) months and bear interest at rate of 12.00% p.a., which is paid at maturity. The Bank has the intention and ability to hold these bills to maturity.

Bills issued by An Binh Commercial Joint Stock Bank in USD have term of nine (09) months and bear interest at rate of 2.00% p.a., which is paid at maturity. The Bank has the intention and ability to hold these certificates to maturity.

Bills issued by Tien Phong Commercial Joint Stock Bank have term of six (06) months and bear interest at rates ranging from 2.00% p.a. to 3.60% p.a. for USD and VND, respectively. Interest is paid at maturity. The Bank has the intention and ability to hold these bills to maturity.

Bonds issued by economic entities include corporate bonds which have terms ranging from three (03) to five (05) years and bear interest at rates ranging from 15.10% p.a. to 15.25% p.a.

13. LONG-TERM INVESTMENTS

	<i>Other long-term investments</i> VNDm
Balance as at 01 January 2012	334,289
Increase during the year	935,858
Decrease during the year	(834,821)
Balance as at 31 December 2012	435,326
Provision for impairment of long-term investments	(43,623)
	391,703

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

13. LONG-TERM INVESTMENTS (continued)

Details of other long-term investments as at 31 December are as follows:

	31/12/2012			31/12/2011		
	Cost VNDm	Carrying value VNDm	% owner- ship of the Bank	Cost VNDm	Carrying value VNDm	% owner- ship of the Bank
Investments in financial institutions	199,935	199,935		118,880	118,880	
Viet Capital Healthcare Fund	50,000	50,000	10,00	-	-	
Saigon – Hanoi Securities JSC.	82,180	82,180	8,22	82,180	82,180	8,22
SHB – Vinacomin Insurance JSC.	30,000	30,000	10,00	30,000	30,000	10,00
Investments in other financial institutions	37,755	37,755		6,700	6,700	
Investments in economic entities	235,391	235,391		215,409	215,409	
Phuoc Hoa Rubber JSC.	27,859	27,859	0,62	27,859	27,859	0,62
Son Lam Company Limited	-	-		135,000	135,000	10,69
SHB – Da Nang Sport JSC.	-	-		550	550	11,00
Lilama SHB Investment and Construction JSC.	19,500	19,500	6,36	-	-	-
Investments in other economic entities	188,032	188,032		52,000	52,000	
	435,326	435,326		334,289	334,289	

Investments in other financial institutions and other economic entities are equity investments of the Bank with the ownership of less than 11.00%.

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

14. FIXED ASSETS

14.1 Tangible fixed assets

Movements of tangible fixed assets during the year ended 31 December 2012 were as follows:

	<i>Buildings & building improvements</i> VNDm	<i>Machines & equipment</i> VNDm	<i>Motor vehicles</i> VNDm	<i>Office equipment</i> VNDm	<i>Other tangible assets</i> VNDm	<i>Total</i> VNDm
Cost						
Opening balance	49,170	54,628	81,666	60,861	6,459	252,784
Transferred from Habubank	138,685	127,277	43,057	46,729	14,812	370,560
Additions in the year	6,552	27,752	23,758	10,218	1,971	70,251
Finished construction	322	1,923	-	6,639	-	8,884
Other increases	-	-	76	-	-	76
Disposals	-	(433)	(511)	(1,313)	(46)	(2,303)
Other decreases	-	(9)	-	-	-	(9)
Closing balance	194,729	211,138	148,046	123,134	23,196	700,243
Accumulated depreciation						
Opening balance	10,484	18,895	24,176	28,504	2,943	85,002
Transferred from Habubank	18,440	84,431	19,555	32,311	8,151	162,888
Charged for the year	5,523	18,432	12,749	14,586	2,365	53,655
Finished construction	18	438	-	1,315	-	1,771
Other increases	-	15	1	-	-	16
Disposals	-	(421)	(252)	(1,245)	(46)	(1,964)
Other decreases	-	(8)	-	-	-	(8)
Closing balance	34,465	121,782	56,229	75,471	13,413	301,360
Net book value						
Opening balance	38,686	35,733	57,490	32,357	3,516	167,782
Closing balance	160,264	89,356	91,817	47,663	9,783	398,883

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

14. FIXED ASSETS (continued)

14.1 Tangible fixed assets (continued)

Movements of tangible fixed assets during the year ended 31 December 2011 were as follows:

	<i>Buildings & building improvements</i> VNDm	<i>Machines & equipment</i> VNDm	<i>Motor vehicles</i> VNDm	<i>Office equipment</i> VNDm	<i>Other tangible assets</i> VNDm	<i>Total</i> VNDm
Cost						
Opening balance	47,646	20,840	64,644	39,237	4,398	176,765
Additions in the year	1,524	6,542	17,495	21,782	2,061	49,404
Finished construction	-	27,243	-	-	-	27,243
Other increases	-	3	-	-	-	3
Disposals	-	-	(473)	(158)	-	(631)
Closing balance	49,170	54,628	81,666	60,861	6,459	252,784
Accumulated depreciation						
Opening balance	7,517	7,974	16,156	16,886	1,678	50,211
Charged for the year	2,967	10,921	8,220	11,766	1,265	35,139
Disposals	-	-	(200)	(148)	-	(348)
Closing balance	10,484	18,895	24,176	28,504	2,943	85,002
Net book value						
Opening balance	40,129	12,866	48,488	22,351	2,720	126,554
Closing balance	38,686	35,733	57,490	32,357	3,516	167,782

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

14. FIXED ASSETS (continued)

14.2 Intangible assets

Movements of intangible assets during the year ended 31 December 2012 were as follows:

	<i>Land use rights VNDm</i>	<i>Computer software VNDm</i>	<i>Other intangible assets VNDm</i>	<i>Total VNDm</i>
Cost				
Opening balance	2,030,651	53,512	21,983	2,106,146
Transferred from Habubank	28,889	78,678	439	108,006
Additions in the year	-	16,772	-	16,772
Increase from completion of assets purchase	-	34,009	-	34,009
Other additions	1,589,761	-	-	1,589,761
Disposals	(37,518)	(97)	-	(37,615)
Other decreases	-	-	-	-
Closing balance	<u>3,611,783</u>	<u>182,874</u>	<u>22,422</u>	<u>3,817,079</u>
Accumulated amortisation				
Opening balance	631	14,064	4,250	18,945
Transferred from Habubank	-	44,053	439	44,492
Charged for the year	158	23,838	1,499	25,495
Increase from completion of assets purchase	-	-	-	-
Other increases	-	-	-	-
Disposals	-	(97)	-	(97)
Other decreases	-	-	-	-
Closing balance	<u>789</u>	<u>81,858</u>	<u>6,188</u>	<u>88,835</u>
Net book value				
Opening balance	<u>2,030,020</u>	<u>39,448</u>	<u>17,733</u>	<u>2,087,201</u>
Closing balance	<u>3,610,994</u>	<u>101,016</u>	<u>16,234</u>	<u>3,728,244</u>

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

14. FIXED ASSETS (continued)

14.2 Intangible assets (continued)

Movements of intangible assets for the year ended 31 December 2011 were as follows:

	<i>Land use rights VNDm</i>	<i>Computer software VNDm</i>	<i>Other intangible assets VNDm</i>	<i>Total VNDm</i>
Cost				
Opening balance	1,380,378	5,988	20,000	1,406,366
Additions in the year	-	4,478	1,983	6,461
Increase from completion of assets purchase	650,273	43,046	-	693,319
Other additions	-	-	-	-
Disposals	-	-	-	-
Other decreases	-	-	-	-
Closing balance	<u>2,030,651</u>	<u>53,512</u>	<u>21,983</u>	<u>2,106,146</u>
Accumulated amortisation				
Opening balance	473	3,292	3,001	6,766
Charged for the year	158	10,772	1,249	12,179
Other additions	-	-	-	-
Disposals	-	-	-	-
Other decreases	-	-	-	-
Closing balance	<u>631</u>	<u>14,064</u>	<u>4,250</u>	<u>18,945</u>
Net book value				
Opening balance	<u>1,379,905</u>	<u>2,696</u>	<u>16,999</u>	<u>1,399,600</u>
Closing balance	<u>2,030,020</u>	<u>39,448</u>	<u>17,733</u>	<u>2,087,201</u>

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

15. INVESTMENT PROPERTIES

Movements of investment properties for the year ended 31 December 2012 were as follows:

	<i>Land use rights VNDm</i>	<i>Total VNDm</i>
Cost		
Opening balance	-	-
Increases	85,456	85,456
Decreases		
Closing balance	<u>85,456</u>	<u>85,456</u>
Accumulated depreciation		
Opening balance	-	-
Increases	-	-
Decreases	-	-
Closing balance	<u>-</u>	<u>-</u>
Net book value		
Opening balance	<u>-</u>	<u>-</u>
Closing balance	<u>85,456</u>	<u>85,456</u>

16. OTHER ASSETS

	<i>31/12/2012 VNDm</i>	<i>31/12/2011 VNDm</i>
Receivables	1,494,165	2,599,671
<i>In which</i>		
- <i>Receivables (Note 16.1)</i>	1,267,695	2,545,850
- <i>Construction in progress (Note 16.2)</i>	226,470	53,821
Trusted investments (Note 16.3)	2,803,585	779,481
Interest and fee receivables	4,460,581	1,645,443
Other assets (Note 16.4)	1,452,808	145,134
Deferred income tax assets	110	-
Allowance for impairment of other assets	(64,728)	(107)
	<u>10,146,521</u>	<u>5,169,622</u>

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

16. OTHER ASSETS (continued)

16.1 Receivables

	31/12/2012 VNDm	31/12/2011 VNDm
Internal receivables	26,369	6,201
Receivables from employees	24,187	3,423
Other internal receivables	2,182	2,778
External receivables	1,241,326	2,539,649
Deposits	7,955	2,233
Advances for Enterprise Income Tax	151,998	-
Receivables from interest subsidy of the SBV	11,908	10,681
Prepaid expense	178,712	153,349
Dividend advances	-	384,867
Advances for long-term investments of AMC	-	665,521
Receivables of AMC	25,803	24,347
Receivables of SHBS	49,229	-
Receivables from customers	606,596	-
Advances to suppliers	-	1,161,186
Other receivables	209,125	137,465
	1,267,695	2,545,850
Provision for receivables (*)	(56,721)	-
	1,210,974	2,545,850

(*) The Bank and its subsidiaries make provision for receivables in accordance with Circular No. 228/2009/TT-BTC.

16.2 Construction in progress

	31/12/2012 VNDm	31/12/2011 VNDm
Purchase of fixed assets		
Purchase of land use rights	173,807	6,600
Core banking	-	30,410
Construction of SHB Danang Sport Centre	45,265	1,990
Others	7,398	14,821
	226,470	53,821

16.3 Trusted investments

Details of trusted investments of the Bank and its subsidiaries at the end of the accounting periods are as follows:

	31/12/2012 VNDm	31/12/2011 VNDm
Trusted investments for portfolio management	725,331	733,162
Trusted investments for REPO	1,449,674	-
Trusted investments for loans	46,319	46,319
Other trusted investments	582,261	-
	2,803,585	779,481
Provision for trusted investments	(8,007)	-
	2,795,578	779,481

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

16. OTHER ASSETS (continued)

16.4 Other assets

	31/12/2012 VNDm	31/12/2011 VNDm
Materials and equipments	4,683	4,243
Prepaid rental	40,075	15,278
Prepaid interest expense	24,397	88,145
Foreclosed assets	1,135	1,135
Deferred settlement (*)	638,331	-
Purchased debts of AMC	624,269	-
Others	119,918	36,333
	1,452,808	145,134

(*) This included receivables from Vietnam Development Bank of VNDm 555,000 on interest and principal payments for matured bonds through CITAD.

17. BORROWINGS FROM THE GOVERNMENT AND THE SBV

	31/12/2012 VNDm	31/12/2011 VNDm
Borrowings from the SBV	-	2,184,954
Borrowings secured by credit files	-	700,000
Discounting and rediscounting of valuable papers	-	1,109,506
Borrowings secured by valuable papers	-	375,448
Borrowings from the Ministry of Finance	-	-
Other borrowings	-	-
	-	2,184,954

18. DEPOSITS AND BORROWINGS FROM OTHER BANKS

Detailed deposits from other banks and borrowings of the Bank and its subsidiaries at the end of accounting periods are as follows:

	31/12/2012 VNDm	31/12/2011 VNDm
Deposits from other banks	15,505,603	15,909,083
<i>Demand deposits</i>	934,967	3,073,463
In VND	921,868	3,073,432
In gold and foreign currencies	13,099	31
<i>Term deposits</i>	14,570,636	12,835,620
In VND	13,800,000	11,752,564
In gold and foreign currencies	770,636	1,083,056
Borrowings from other banks	6,271,648	-
In VND	4,897,000	-
In gold and foreign currencies	1,374,648	-
	21,777,251	15,909,083

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

19. DEPOSITS AND OTHER AMOUNTS DUE TO CUSTOMERS

19.1 Analysis by products

	31/12/2012 VNDm	31/12/2011 VNDm
Demand deposits	6,078,529	4,291,402
Demand deposits in VND	4,454,715	3,623,085
Demand saving deposits in VND	16,018	7,464
Demand deposits in gold and foreign currencies	1,535,043	660,852
Demand saving deposits in gold and foreign currencies	72,753	1
Term deposits	71,399,622	30,337,921
Term deposits in VND	24,032,980	11,109,119
Term saving deposits in VND	42,381,115	17,234,984
Term deposits in gold and foreign currencies	478,919	272,868
Term saving deposits in gold and foreign currencies	4,506,608	1,720,950
Deposits for specific purpose	8	7
Margin deposits	120,361	156,284
Margin deposits in VND	78,990	102,677
Margin deposits in gold and foreign currencies	41,371	53,607
	77,598,520	34,785,614

	2012 Average interest rate % p.a.	2011 Average interest rate % p.a.
Demand deposits in VND	2.00	2.45
Demand saving deposits in VND	2.00	2.45
Demand deposits in USD	0.20	0.19
Demand saving deposits in USD	0.50	0.19
Term deposits in VND	10.20	13.65
Saving deposits in VND	9.90	13.50
Term saving deposits in USD	2.00	2.00

If customers withdraw term saving deposits before maturity, the interest rate for demand saving deposits shall be applied.

19.2 Analysis by customers

	31/12/2012 VNDm	31/12/2011 VNDm
Deposits from business entities	22,881,460	14,414,669
State-owned enterprises	10,230,136	5,558,756
Private enterprises and others	12,458,386	8,509,756
Foreign invested enterprises	192,938	346,157
Deposits from individuals	53,114,225	20,289,700
Deposits from others	1,602,835	81,245
	77,598,520	34,785,614

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

20. OTHER BORROWED FUNDS

	31/12/2012	31/12/2011
	VNDm	VNDm
Funds borrowed in VND	379,615	225,463
Funds borrowed in foreign currencies	5,630	923
	385,245	226,386

20.1 Funds borrowed in VND

Details of funds borrowed in VND as at 31 December are as follows:

<i>Lending organisations</i>	31/12/2012			31/12/2011		
	<i>Terms</i>	<i>VNDm</i>	<i>Interest rate % p.a.</i>	<i>Terms</i>	<i>VNDm</i>	<i>Interest rate % p.a.</i>
Medium-term borrowings in VND from Rural Finance Project II (RDF II)	Over 30 months	71,685	9.45	Over 30 months	59,780	13.92
Medium-term borrowings in VND from Rural Finance Project III (RDF III)	Over 18 months	222,879	9.45	Over 18 months	139,133	13.92
Medium-term borrowings in VND from Small and Medium Enterprise Development Fund - Phase III	Over 30 months	85,051	8.75	Over 30 months	26,550	7.50
		379,615			225,463	

Borrowings from Rural Finance Project II and III are borrowings from International Development Association (World Bank) through the Ministry of Finance to provide loans to households for the rural development and poverty reduction in Vietnam. In 2011, International Development Association has restructured the medium-term loan under Rural Finance Project II; increased the lending period to 30 months. The interest rate on these loans is 9.45% p.a. (2011: 13.92% p.a.). Loans to households bear interest rates as declared by the Bank in different periods.

Medium-term borrowings in VND from Small and Medium Enterprises Development Fund - Phase III are borrowings from Japan International Cooperation Agency (JICA) through Project Management Unit of ODA International Credit to provide loans to eligible small and medium enterprises. These loans bear a floating rate, which is adjusted every three months. The interest rate in the period was at 8.75% p.a (7.50% for 2011). Loans to small and medium enterprises bear interest rates as declared by the Bank in different periods. Principal and interest on these loans are repaid every three months.

20.2 Funds borrowed in foreign currencies

Details of funds borrowed in foreign currencies as at 31 December are as follows:

<i>Lending organisations</i>	31/12/2012			31/12/2011		
	<i>Terms</i>	<i>VNDm</i>	<i>Interest rate % p.a.</i>	<i>Terms</i>	<i>VNDm</i>	<i>Interest rate % p.a.</i>
International Development Association (World Bank)	20 years	5,630	0.75	20 years	923	0.75
		5,630			923	

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

21. VALUABLE PAPERS ISSUED BY THE BANK

	31/12/2012 VNDm	31/12/2011 VNDm
Certificate of deposits	-	-
Under 12 months	-	-
From 12 months up to 5 years	-	-
Promissory notes	4,370,389	11,205,240
Under 12 months	4,370,389	11,205,240
From 12 months up to 5 years	-	-
Bonds	-	-
Under 12 months	-	-
From 12 months up to 5 years	-	-
Other valuable papers	-	-
	4,370,389	11,205,240

Promissory notes with terms less than 12 months bear interest at rates ranging from 9.00% p.a. to 14.00% p.a. for VND and 2.00% p.a. to 4.20% p.a. for foreign currencies.

22. OTHER PAYABLES

	31/12/2012 VNDm	31/12/2011 VNDm
Internal payables	14,346	37,243
Payables to employees	1,732	641
Termination allowance reserve	-	1,242
Bonus and welfare funds	399	15,239
Other internal payables	12,215	20,121
External payables	897,061	260,424
Payables for construction and fixed asset acquisition	6,007	6,033
Value Added Tax payables	1,323	1,372
Enterprise Income Tax payables	134,662	109,917
Payables to the SBV	8,527	5,528
Outstanding lodgment	718,277	92,253
Transfer payables	6,861	34,213
Prepaid guarantee fee	21,404	11,108
	911,407	297,667

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

23. OBLIGATIONS TO THE STATE

	Opening balance	Movement during the year		Closing balance
		Payable	Paid	
Value Added Tax	1,372	14,529	(14,578)	1,323
Enterprise Income Tax for 2012	109,917	137,289	(112,544)	134,662
Advances for Enterprise Income Tax	-	-	(151,998)	(151,998)
Deferred income tax of Cambodia branch	-	645	-	645
Other taxes	3,158	50,799	(49,468)	4,489
	114,447	203,262	(328,588)	(10,879)

23.1 Current Enterprise Income Tax

The Bank and its subsidiaries have the obligation to pay Enterprise Income Tax ("EIT") at the rate of 25% of taxable profits (2011: 25%).

For the Cambodian branch, the Bank computes its EIT in compliance with Cambodian regulations on enterprise tax income. According to the Tax Act dated 8 January 1997, the enterprise income tax of the Cambodian branch is the greater of 1.00% of total revenue (including value added tax) and 20.00% profits earned.

For the branch in Laos, the Bank shall calculate and determine its EIT based on the income tax provisions in Laos. According to the Tax Ordinance No. 001/PRD by the Lao Prime Minister issued on 1 March 2011 and effective from 1 January 2012, EIT of the branch is defined as the greater of 1.00% of total revenue or 28% of the profit of the branch.

The Bank and its subsidiaries' tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations of many types of transactions is susceptible to varying interpretations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

Current Enterprise Income Tax payables are determined based on taxable income of the current year. Taxable income may be different from the one reported in the consolidated income statement since taxable income excludes incomes which are eligible for tax or expenses which are subtracted in prior years due to the differences between the Bank and its subsidiaries' accounting policies and the current tax policies, and also excludes tax exempted income and non-deductible expenses. The current Enterprise Income Tax payables of the Bank and its subsidiaries are calculated based on the statutory tax rates applicable at the end of the fiscal year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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23. OBLIGATIONS TO THE STATE (continued)

23.1 Current Enterprise Income Tax (continued)

	31/12/2012 VNDm	31/12/2011 VNDm
Operating profit before tax	1,825,203	1,000,962
<i>Adjusted for:</i>		
- Dividend income exempt from EIT	(10,910)	(9,229)
- Income from disposal of real estates	(537,886)	-
- Accumulated losses transferred by Habubank	(1,660,775)	-
- Profit of subsidiaries which is separately taxed	19,132	(57,909)
Taxable income/(loss) of the Bank	(365,236)	933,824
EIT expense of the Bank in Vietnam (i)	-	232,830
Additional EIT adjustments for the year 2010 and 2011 (ii)	1,344	-
EIT expense of Cambodian branch (iii)	514	-
EIT expense of Laos branch (iv)	117	-
Additional EIT expense of subsidiaries at the rate of 25% (v)	843	15,103
Income tax from activities which is separately taxed (vi)	134,472	-
Total EIT in the year (i+ii+iii+iv+v+vi)	137,289	247,933
Adjustments of EIT in the year	-	-
Total EIT in the year after adjustments	137,289	247,933
EIT payable at the beginning of the year	109,917	121,241
EIT paid during the year	(264,542)	(259,257)
EIT payable/(receivable) at the end of the period	(17,336)	109,917
<i>In which</i>		
- Advances for EIT	(151,998)	-
- EIT payable at the end of the year	134,662	109,917

23.2 Deferred income tax assets

	31/12/2012
Deferred income tax assets at the beginning of the year	-
Deferred income tax assets transferred by Habubank	110
	110

23.3 Deferred income tax liabilities

	31/12/2012
Deferred income tax liabilities at the beginning of the year	-
Deferred income tax liabilities for the year	645
	645

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

24. OWNERS' EQUITY AND RESERVES

24.1 Statement of changes in owners' equity

Changes in owners' equity of the Bank in the year ended 31 December 2012 are described in the following table:

	VNDm									
	<i>Charter capital</i>	<i>Capital surplus</i>	<i>Treasury shares</i>	<i>Investment and development fund</i>	<i>Financial reserve</i>	<i>Supplemental capital reserve</i>	<i>Foreign currency translation reserve</i>	<i>Minority interest</i>	<i>Retained earnings</i>	<i>Total</i>
Opening balance	4,815,795	98,000	(5,260)	13	180,502	97,594	9	-	644,215	5,830,868
Increase in the year										
Transferred from Habubank	4,050,000	3,716	-	-	196,740	42,875	-	2,334	(1,660,775)	2,634,890
Net profit for the year	-	-	-	-	-	-	-	428	1,686,841	1,687,269
Temporary appropriation to reserves for current year	-	-	-	-	-	8	-	-	(8)	-
Other increases	-	-	-	-	-	-	-	-	2,695	2,695
Decrease in the year										
Appropriation to welfare and bonus fund for the previous year	-	-	-	-	-	-	-	-	(21,502)	(21,502)
Final dividend payment for the previous year	-	-	-	-	-	-	-	-	(625,408)	(625,408)
Closing balance	8,865,795	101,716	(5,260)	13	377,242	140,477	9	2,762	26,058	9,508,812

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

24. OWNER'S EQUITY AND RESERVES (continued)

24.1 Merger with Hanoi Building Commercial Joint Stock Bank

On 15 June 2012, the Governor of the State Bank of Vietnam issued Official Letter No. 3651/NHNN-TTGSNH to approve in principle the Merger of Hanoi Building Commercial Joint Stock Bank into Saigon - Hanoi Commercial Joint Stock Bank in accordance with the Merger Plan of the two banks. Subsequently on 1 September 2012, Hanoi Building Commercial Joint Stock Bank ("Habubank") was officially merged into Saigon – Hanoi Commercial Joint Stock Bank under Decision No. 1559/QD-NHNN dated 7 August 2012 issued by the Governor of the State Bank. According to the approved Merger Plan, the net assets of Habubank were added to the Bank's capital and reserves.

24.2 Statement of changes in owners' equity

In 2012, the Bank's charter capital has increased as follows:

<u>Date</u>	<u>Decision No</u>	<u>VNDm</u>	<u>Method of equity contribution</u>
23/6/2012	16/NQ-HDQT	4,050,000	Additional shares issuance for the Merger of Habubank into the Bank under the approved Merger Plan of the two banks.

Details of shares issued by the Bank as at 31 December are as follows:

	<u>31/12/2012</u>	<u>31/12/2011</u>
Shares authorised for issuance	886,827,640	481,827,640
Shares issued and fully paid	886,579,547	481,579,547
Ordinary shares	886,579,547	481,579,547
Preference shares	-	-
Treasury shares	722,257	496,186
Ordinary shares	722,257	496,186
Preference shares	-	-
Outstanding shares	885,857,290	481,083,361
Ordinary shares	885,857,290	481,083,361
Preference shares	-	-
Face value of outstanding shares (VND/share)	10,000	10,000

In accordance with related laws and regulations, the Bank and its subsidiaries shall appropriate supplemental capital reserve and financial reserve. The appropriation of reserves is performed in accordance with Resolution of the Annual General Meeting of Shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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25. EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Bank by the weighted average number of outstanding ordinary shares during the year. The Bank's earnings per share are calculated as follows:

	<u>2012</u> VNDm	<u>2011</u> VNDm
Net profit for the year	1,686,841	753,029
Less:		
- Appropriation for other reserves (except for supplementary capital reserves and financial reserves)	-	-
- Accumulated losses transferred from Habubank	<u>(1,660,775)</u>	<u>-</u>
Net profit distributable to shareholders	26,066	753,029
Weighted average number of outstanding ordinary shares (million shares)	787	432
Earnings per share (VND/share)	33	1,745

26. DIVIDENDS

	<u>2012</u> VNDm	<u>2011</u> VNDm
Dividends declared and paid for previous year	270,100	227,106
Dividends on ordinary shares	270,100	227,016
Dividends on preference shares	-	-
Dividends declared and paid for current year	-	384,867
Dividends on ordinary shares	-	384,867
Dividends on preference shares	-	-
Dividends of cumulative preference shares have not been recorded	-	-

27. INTEREST AND SIMILAR INCOME

	<u>2012</u> VNDm	<u>2011</u> VNDm
Interest income from deposits with other banks	2,320,447	1,204,627
Interest income from loans to customers	5,573,873	4,833,816
Interest income from debt securities	1,449,429	1,404,091
Other interest income from credit activities	607,740	338,524
	<u>9,951,489</u>	<u>7,781,058</u>

28. INTEREST AND SIMILAR EXPENSES

	<u>2012</u> VNDm	<u>2011</u> VNDm
Interest and similar expenses for customer deposits	7,172,853	5,284,590
Interest and similar expenses for borrowings	210,629	176,217
Interest expenses for issued valuable papers	614,557	421,916
Other expenses for credit activities	77,922	801
	<u>8,075,961</u>	<u>5,883,524</u>

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

29. NET FEE AND COMMISSION INCOME

	2012 VNDm	2011 VNDm
Fee and commission income from	193,828	256,348
Settlement services	52,525	59,828
Guarantee and treasury services	81,110	98,409
Agency services	800	34
Other services	59,393	98,077
Fees and commission expenses for	(41,731)	(37,900)
Settlement services	(11,608)	(9,839)
Guarantee and treasury services	(6,489)	(3,792)
Other services	(23,634)	(24,269)
Net fee and commission income	152,097	218,448

30. NET GAIN FROM FOREIGN CURRENCY TRADING

	2012 VNDm	2011 VNDm
Income from foreign currency trading	103,400	110,797
Income from foreign exchange spot contracts	58,788	75,218
Income from currency derivatives	44,612	35,579
Expenses for foreign currency trading	(55,437)	(56,035)
Expenses for foreign exchange spot contracts	(42,690)	(30,760)
Expenses for currency derivatives	(12,747)	(25,275)
Net gain from foreign currency trading	47,963	54,762

31. NET GAIN/(LOSS) FROM TRADING SECURITIES

	2012 VNDm	2011 VNDm
Income from trading securities	162,638	1,793
Expenses for trading securities	(6,251)	(1,897)
Provision for impairment of trading securities	(16,011)	(17,678)
Net gain/(loss) from trading securities	140,376	(17,782)

32. NET GAIN/(LOSS) FROM INVESTMENT SECURITIES

	2012 VNDm	2011 VNDm
Income from trading of available-for-sale securities	38,758	6,477
Expense for trading of available-for-sale securities	(14,791)	(14,499)
Provision for impairment of available-for-sale securities	(419)	(1,267)
Net gain/(loss) from available-for-sale securities	23,548	(9,289)
Net gain/(loss) from held-to-maturity securities	-	-
Net gain/(loss) from investment securities	23,548	(9,289)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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33. NET GAIN FROM OTHER OPERATING ACTIVITIES

	2012 VNDm	2011 VNDm
Net gain from debt trading activities	107,697	70,579
Income from debt trading activities	107,697	70,579
Expenses for debt trading activities	-	-
Net gain from other operating activities	581,337	4,853
Income from other operating activities	613,457	6,459
Expenses for other operating activities	(32,120)	(1,606)
	689,034	75,432

34. DIVIDEND INCOME

	2012 VNDm	2011 VNDm
Dividends received during the year		
- from trading equity securities	42	543
- from investment equity securities	6,233	251
- from capital contribution and other long-term investments	4,635	8,435
	10,910	9,229

35. OPERATING EXPENSES

	2012 VNDm	2011 VNDm
Tax expenses and fees	28,689	30,120
Employee expenses	732,037	510,879
Salary expenses	647,566	449,078
Expenses on shift meals for employees	41,983	30,342
Salary related remuneration	13,411	11,367
Other allowances	29,077	20,092
Expenses on fixed assets	240,435	152,194
<i>In which:</i>		
- Depreciation expenses	80,921	47,318
General and administration expenses	537,010	407,226
<i>In which:</i>		
- Business trip expenses	23,391	12,183
- Expenses for trade union activities	226	409
Insurance for customer deposits	38,659	22,059
Provision for other long-term investments	39,265	976
Other provision	62,898	2,382
	1,678,993	1,125,836

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprise of the following balances of the consolidated balance sheet:

	<i>31/12/2012</i> <i>VNDm</i>	<i>31/12/2011</i> <i>VNDm</i>
Cash and cash equivalents on hand	484,887	425,219
Balance with the State Bank	3,031,869	35,112
Demand deposits with other banks	1,117,210	3,158,282
Deposits with and loans to other banks with term under 3 months	6,907,624	10,308,878
Securities with maturity of under 3 months	124,968	6,286,000
	<u>11,666,558</u>	<u>20,213,491</u>

37. EMPLOYEES' REMUNERATION

	<i>Actual amount</i> <i>2012</i>	<i>Actual amount</i> <i>2011</i>
I. Average number of employees (persons)	4,996	2,861
II. Employees' income (VNDm)		
1. Total salary	647,566	449,078
2. Bonus	-	-
3. Other income	-	-
4. Total income (1+2+3)	<u>647,566</u>	<u>449,078</u>
5. Salary per capita per month	<u>10.80</u>	<u>13.08</u>
6. Income per capita per month	<u>10.80</u>	<u>13.08</u>

38. COLLATERALS

	<i>Carrying value at the reporting date (VNDm)</i>	
	<i>31/12/2012</i>	<i>31/12/2011</i>
Real estate properties	46,623,609	26,876,565
Movable assets	20,873,588	18,779,778
Valuable papers	11,971,474	3,132,018
Other assets	24,729,449	13,077,087
	<u>104,198,120</u>	<u>61,865,448</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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39. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

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

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

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

The Bank usually requires customers to place margin deposits for credit related financial instruments. The value of deposits may vary from 0% to 100% of the value of commitments issued depending on the customers' trustworthiness.

The outstanding commitments and contingent liabilities as at 31 December are as follows:

	<i>31/12/2012</i> <i>VNDm</i>	<i>31/12/2011</i> <i>VNDm</i>
Financial letter of guarantees	2,366,411	2,587,953
At sight letters of credit	168,802	338,341
Deferred payment letters of credit	167,635	199,887
Other commitments	2,584,320	82,625
	<u>5,287,168</u>	<u>3,208,806</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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40. RISK-FREE TRUST FUNDS RECEIVED AND AGENCY ACTIVITIES

	31/12/2012 VNDm	31/12/2011 VNDm
Trusted funds received from international organisations	-	-
Other loans from the Government	-	-
Trusted funds received from other organisations	166,000	166,000
	166,000	166,000

Trusted funds received from other organizations includes the trusted fund of PetroVietnam Insurance Joint Stock Corporation (VNDm 100,000) with term of 54 months and the syndicated loan with Dai Tin Commercial Joint Stock Bank (VNDm 66,000) with term of 126 months to provide loan to Vietnam Shipbuilding Industry Group. The Bank does not bear risk from these trust funds.

41. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank and its subsidiaries are related. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. A party is deemed a related party to the Bank and its subsidiaries if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - ▶ controls, is controlled by, or is under common control with the Bank and its subsidiaries (this includes parents and subsidiaries);
 - ▶ has interest in the Bank that gives it significant influence over the Bank;
 - ▶ has joint control over the Bank and its subsidiaries;
- (b) the party is a joint-venture, associate in which the Bank and its subsidiaries are the venturer, investor;
- (c) the party is a member of the key management personnel of the Bank and its subsidiaries or their parent;
- (d) the party is a close member of the family of any individual referred to in (a) or (c); and
- (e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such the Bank and its subsidiaries reside with, directly or indirectly, any individual referred to in (c) or (d).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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41. RELATED PARTY TRANSACTIONS (continued)

Summary of significant transactions with related parties during the year ended 31 December 2012 is as follows:

<i>Transactions</i>	<i>VNDm</i>
Income from trust contracts	128,280
Dividends received	3,000
Payment for advertising activities	42,751

Summary of receivables from and payables to related parties as at 31 December 2012 is as follows:

<i>Transactions</i>	<i>Receivables VNDm</i>	<i>Payables VNDm</i>
Loans	1,711,502	-
Trusted investments	645,332	-
Investment in bonds	700,000	-
Accrued interest from loans, bonds and trust funds	683,286	-
Demand deposits	-	876,302
Term deposits	-	1,105,500
Accrued interest expense for related parties' deposits	-	15,272

42. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

	<i>Total loan balance</i>	<i>Total deposits</i>	<i>Credit commitments</i>	<i>Derivatives (Total contract value)</i>	<i>Trading and investment securities</i>
Domestic	56,041,834	77,263,577	5,287,168	1,710,624	12,749,704
Overseas	897,890	334,943	-	-	-
	56,939,724	77,598,520	5,287,168	1,710,624	12,749,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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43. RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS

The Bank and its subsidiaries' objective is to optimise the shareholders' wealth and maintain a sustainable profit growth and healthy financial position. Hence, the use of financial instruments, including customer deposits and high quality financial assets, is the core method for the Bank and its subsidiaries to gain required interest margin. From the risk management perspective, the Bank is required to maintain a balance between off-balance sheet items (such as guarantees and letters of credit) and credits (loans in VND and foreign currencies) to individuals and organisations of different creditworthiness levels. Besides, the Bank and its subsidiaries also invested part of their mobilised funds in securities or loans to other banks. The foreign currency risk and interest rate risk have been managed simultaneously by applying position limits in order to reduce risk concentration and participating in activities having opposite impacts to minimise risks. By holding high quality financial instruments, the Bank and its subsidiaries are able to manage significant risks in its operating activities and to maintain an adequate liquidity position.

For credit risk management purpose, the Bank and its subsidiaries used effectively their credit management manual providing regulations and requirements for lending and guidance to standardise the lending activities at the Bank. Liquidity risk is limited by keeping a large amount of cash and cash equivalents in form of Nostro account, term deposits at the SBV and other credit institutions and valuable papers. Risk – adjusted by prudential ratios are also used in liquidity risk management. The Bank revalues the interest rate gap and compares to benchmarks of domestic and foreign markets on a regular basis in order to be able to timely adapt with unforeseen movements. Moreover, internal risk management procedures have become more effective thanks to the application of the Centralised Fund Management and Settlement System. Accordingly, all fund transfers and settlement transactions are centralised at the Head office. These systems allow the Bank to effectively supervise any changes in capital and reduce unnecessary procedures and possible errors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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44. CREDIT RISK

Credit risk is the risk that the Bank will suffer a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

44.1 Financial assets are not overdue

The Bank and its subsidiaries' financial assets, which are not overdue, include loans in group 1 as required by Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN; securities, receivables and other financial assets which are not overdue and are not required for provision in accordance with Decision No. 228/2009/TT-BTC.

The Bank believes that those financial assets can be recovered fully and timely in the future.

44.2 Financial assets are overdue but not impaired

Overdue but not impaired financial assets of the Bank mainly include loans classified in groups 2 to 5 as required by Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN which are adequately secured by collaterals, including real estate properties, movable assets, valuable papers and other assets.

In addition, these financial assets include deposits and bonds issued by the Vietnam Shipbuilding Industry Group (Vinashin) and the related interest receivables. These financial assets will be resolved in accordance with the Government's direction.

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

45. MARKET RISK

45.1 Interest rate risk

Analysis of effective interest rate re-pricing term of assets and liabilities

The effective interest rate re-pricing term of assets and liabilities is the remaining period from the date of consolidated financial statements to the latest interest rate re-pricing term.

The following assumptions and conditions are applied in the analysis of effective interest rate re-pricing term of the Bank and its subsidiaries' assets and liabilities:

- ▶ Cash and cash equivalents on hand, long-term investments and other assets (including, fixed assets, investment properties and other assets, except for trusted investments) are classified as non-interest bearing items.
- ▶ Deposits at the SBV are considered as demand deposits and accordingly, the effective interest re-pricing term is assumed to be one month.
- ▶ The effective interest re-pricing term of investment and trading securities is determined as follows:
 - Items which bear fixed interest rate during the contractual term: The effective interest re-pricing term is determined based on the time to maturity from the consolidated balance sheet date.
 - Items which bear floating interest rate: The effective interest re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the consolidated balance sheet date.
 - Investment and trading securities, which are equity securities, are classified as non-interest bearing items.
- ▶ The effective interest re-pricing term of deposits due from and loans to other banks, loans to customers, borrowings from the Government and the SBV and customer deposits are determined as follows:
 - Items which bear fixed interest rate during the contractual term: The effective interest re-pricing term is determined based on the time to maturity from the consolidated balance sheet date.
 - Items which bear floating interest rate: The effective interest re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the consolidated balance sheet date.
- ▶ The effective interest re-pricing term of valuable papers is based on the actual maturity date for each valuable paper.
- ▶ The effective interest re-pricing term of other borrowed funds is determined as follows:
 - Items which bear fixed interest rate during the contractual term: The effective interest re-pricing term is determined based on the time to maturity from the consolidated balance sheet date.
 - Items which bear floating interest rate: The effective interest re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the consolidated balance sheet date.
- ▶ The effective interest re-pricing term for other liabilities is categorised as non-interest bearing items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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45. MARKET RISK (continued)**45.1 Interest risk (continued)**

Classification of assets and liabilities of the Bank and its subsidiaries according to their re-pricing terms as at 31 December 2012 is as follows:

	Interest re-pricing within							Over 5 years	Total
	Overdue	Non-interest bearing	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years		
<i>VNDm</i>									
ASSETS									
Cash and cash equivalents	-	484,887	-	-	-	-	-	-	484,887
Balances with the State Bank	-	-	3,031,869	-	-	-	-	-	3,031,869
Placements with and loans to other banks (*)	242,137	-	12,032,124	7,925,895	9,186,496	500,000	-	-	29,886,652
Trading securities (*)	-	40,564	-	-	-	-	-	-	40,564
Derivative financial instruments and other financial assets	-	5,847	-	-	-	-	-	-	5,847
Loans and advances to customers (*)	6,008,345	-	23,473,983	22,911,323	1,589,083	1,503,136	872,758	581,096	56,939,724
Investment securities (*)	880,000	336,024	674,943	1,824,968	2,529,169	1,455,294	4,838,076	170,666	12,709,140
Long-term investments (*)	-	435,326	-	-	-	-	-	-	435,326
Fixed assets and investment properties	-	4,212,583	-	-	-	-	-	-	4,212,583
Other assets	2,031,934	6,721,269	456,222	-	725,320	230,185	-	46,319	10,211,249
Total assets	9,162,416	12,236,500	39,669,141	32,662,186	14,030,068	3,688,615	5,710,834	798,081	117,957,841
LIABILITIES									
Deposits of and loans from the SBV and other banks	-	-	(8,747,323)	(5,908,088)	(6,574,840)	(547,000)	-	-	(21,777,251)
Customer deposits	-	-	(40,073,681)	(21,772,438)	(5,925,715)	(8,723,696)	(1,101,484)	(1,506)	(77,598,520)
Other borrowed funds	-	-	-	-	(2,400)	(5,719)	(354,723)	(22,403)	(385,245)
Valuable papers	-	-	(1,108,289)	(2,345,668)	(916,432)	-	-	-	(4,370,389)
Other liabilities	-	(2,856,584)	-	-	-	-	-	-	(2,856,584)
Total liabilities	-	(2,856,584)	(49,929,293)	(30,026,194)	(13,419,387)	(9,276,415)	(1,456,207)	(23,909)	(106,987,989)
Sensitive difference	9,162,416	9,339,352	(10,219,588)	2,635,992	610,681	(5,587,800)	4,254,627	774,172	10,969,852

(*) The amounts exclude provisions

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

45. MARKET RISK (continued)

45.1 Interest risk (continued)

Interest rate sensitivity

With all other variables remain constant, the Bank and its subsidiaries' profit before tax and their owners' equity are affected by the impact on floating rate borrowings as follows:

<u>Increase/decrease in basis points</u>	<i>Effect on</i>	
	<i>Profit before tax</i> <i>VNDm</i>	<i>Owners' equity</i> <i>VNDm</i>
+100	(86,110)	(64,582)
-100	86,110	64,582

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

45.2 Currency risk

Currency risk is the risk that the value of a financial instrument fluctuates due to changes in foreign exchange rates.

As the Bank and its subsidiaries were incorporated and operate in Vietnam, VND is the reporting currency. The major currency in which the Bank and its subsidiaries transact is also VND. The Bank and its subsidiaries' assets were mainly denominated in VND with the remainders mainly in USD and EUR. However, some of the Bank and its subsidiaries' other assets are in currencies other than VND, USD and EUR. The Bank's management has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure that the positions are maintained within established limits.

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

45. MARKET RISK (continued)

45.2 Currency risk (continued)

Classification of assets and liabilities denominated in foreign currencies translated into VND as at 31 December 2012 is as follows:

	<i>EUR as translated</i>	<i>USD as translated</i>	<i>Other foreign currencies as translated</i>	<i>VNDm Total</i>
ASSETS				
Cash and cash equivalents	32,801	163,976	29,232	226,009
Balances with the State Bank	-	515,067	-	515,067
Placements with and loans to other banks (*)	271,102	2,475,954	47,302	2,794,358
Loans and advances to customers (*)	156,895	8,066,574	-	8,223,469
Investment securities (*)	-	958,088	-	958,088
Long-term investments (*)	-	-	-	-
Fixed assets and investment properties	-	11,011	-	11,011
Other assets	222	1,143,343	10	1,143,575
Total assets	461,020	13,334,013	76,544	13,871,577
LIABILITIES				
Deposits of and loans from the SBV and other banks	-	(2,158,383)	-	(2,158,383)
Customer deposits	(447,610)	(6,111,864)	(63,458)	(6,622,932)
Derivative financial instruments and other financial liabilities	-	(750,362)	-	(750,362)
Other borrowed funds	-	(5,630)	-	(5,630)
Valuable papers	-	(1,770,380)	(7)	(1,770,387)
Other liabilities	(4,082)	(846,097)	(4,061)	(854,240)
Capital and reserves	-	(7,514)	-	(7,514)
Total liabilities and owners' equity	(451,692)	(11,650,230)	(67,526)	(12,169,448)
FX position on-balance sheet	9,328	1,683,783	9,018	1,702,129
FX position off-balance sheet	-	(876,859)	-	(876,859)
FX position on and off-balance sheet	9,328	806,924	9,018	825,270

(*) The amounts exclude provisions

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

45. MARKET RISK (continued)

45.2 Currency risk (continued)

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the USD EUR, etc. exchange rate, with all other variables remain constant, of the Bank and its subsidiaries' profit before tax. The Bank and its subsidiaries' exposure to foreign currency changes for all other currencies is not material.

	<i>Changes in exchange rate (%)</i>	<i>Effect on</i>	
		<i>Profit before tax VNDm</i>	<i>Owners' equity VNDm</i>
USD	5	40,346	30,260
EUR	5	466	350
Other currencies	5	451	338
USD	-5	(40,346)	(30,260)
EUR	-5	(466)	(350)
Other currencies	-5	(451)	(338)

45.3 Liquidity risk

Liquidity risk is defined as the risk that the Bank and its subsidiaries will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Bank and its subsidiaries might be unable to meet their payment obligations when they fall due under both normal and stressed circumstances. To limit this risk, the management has arranged diversified funding sources in addition to their core deposit base, and adopted a policy of managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The maturity term of assets and liabilities represents the remaining period of assets and liabilities as calculated from the consolidated balance sheet date to the time of settlements as stipulated in contracts or in issuance terms and conditions.

The following assumptions and conditions are applied in the analysis of overdue status of the Bank and its subsidiaries' assets and liabilities:

- ▶ Deposits at the SBV are classified as demand deposits which include compulsory deposits. The balance of compulsory deposits depends on the proportion and terms of the Bank's customer deposits.
- ▶ The maturity term of investment debt securities is calculated based on the maturity date of each kind of securities.
- ▶ Trading securities is considered as up to one month.
- ▶ The maturity term of placements with and loans to other banks; and loans to customers is determined on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended. Besides, loans to customers are reported at the principal amounts outstanding at the end of the year.
- ▶ The maturity term of equity investments is considered as more than five years because these investments do not have specific maturity date;

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

45. MARKET RISK (continued)

45.3 Liquidity risk (continued)

- ▶ The maturity term of deposits and borrowings from other banks; and customer deposits is determined based on features of these items or the maturity date as stipulated in contracts. Vostro account and demand deposits are transacted as required by customers, and therefore, being classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In fact, these amounts may be rotated, and therefore, they last beyond the original maturity date.
- ▶ The maturity term of fixed assets is determined on the remaining useful life of assets.

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

45. MARKET RISK (continued)

45.3 Liquidity risk (continued)

The maturity of assets and liabilities as at 31 December 2012 is as follows

	Overdue		Current				Total	VNDm
	Over 3 months	Up to 3 months	Up to 1 months	From 1 – 3 months	From 3 – 12 months	From 1 – 5 years		
ASSETS								
Cash and cash equivalents	-	-	484,887	-	-	-	-	484,887
Balances with the State Bank	-	-	3,031,869	-	-	-	-	3,031,869
Placements with and loans to other banks(*)	242,137	-	12,032,124	7,130,895	10,411,496	-	70,000	29,886,652
Trading securities (*)	-	-	40,564	-	-	-	-	40,564
Derivative financial instruments and other financial assets	-	-	5,847	-	-	-	-	5,847
Loans and advances to customers(*)	4,963,218	1,045,126	6,104,003	7,808,683	13,800,122	15,317,353	7,901,219	56,939,724
Investment securities (*)	600,000	280,000	1,010,967	1,824,968	3,984,463	4,838,076	170,666	12,709,140
Long-term investments (*)	-	-	-	-	-	-	435,326	435,326
Fixed assets and investment properties	-	-	566,800	192,819	55,422	141,988	3,255,554	4,212,583
Other assets	2,031,934	-	6,700,246	9,119	1,164,221	259,397	46,332	10,211,249
Total assets	7,837,289	1,325,126	29,977,307	16,966,484	29,415,724	20,556,814	11,879,097	117,957,841
LIABILITIES								
Deposits of and loans from the SBV and other banks	-	-	(8,747,323)	(5,908,088)	(7,121,840)	-	-	(21,777,251)
Customer deposits	-	-	(40,073,915)	(21,766,648)	(14,243,716)	(1,512,733)	(1,508)	(77,598,520)
Other borrowed funds	-	-	-	-	(8,119)	(354,723)	(22,403)	(385,245)
Valuable papers	-	-	(1,108,289)	(2,345,668)	(916,432)	-	-	(4,370,389)
Other liabilities	-	-	(2,856,584)	-	-	-	-	(2,856,584)
Total liabilities	-	-	(52,786,111)	(30,020,404)	(22,290,107)	(1,867,456)	(23,911)	(106,987,989)
Net liquidity difference	7,837,289	1,325,126	(22,808,804)	(13,053,920)	7,125,617	18,689,358	11,855,186	10,969,852

(*) The amounts exclude provisions

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

46. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES UNDER CIRCULAR No. 210/2009/TT-BTC

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption of the International Financial Reporting Standards on presentation and disclosures of financial instruments (“Circular 210”) with effectiveness from financial years beginning on or after 1 January 2011. Circular 210 provides definitions of financial instruments, including financial assets and financial liabilities, derivative financial instruments and equity instruments as well as the classification, presentation and disclosures of these instruments.

The Circular 210 only regulates the presentation of financial statements and disclosures of financial instruments, therefore, the below definitions of financial assets, financial liabilities and other relating definitions are applied solely for the preparation of this Note. The Bank and its subsidiaries’ assets and liabilities are still recognised and recorded in accordance with Vietnamese Accounting Standards and System for Credit Institutions and other relevant regulations of the State Bank of Vietnam.

Financial assets

The financial assets of the Bank and its subsidiaries under the scope of Circular 210 including cash, gold, gemstones, balance at the State Bank and other credit institutions, loans to customer and other credit institutions, trading securities, investment securities, receivables and other assets arising from currency derivative contracts.

According to Circular 210, financial assets are classified as appropriate, for the purpose of disclosure in the notes to the consolidated financial statements, into one of the following categories:

▪ ***Financial assets at fair value through profit or loss:***

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

- a. It is classified as held for trading. A financial asset is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- b. Upon initial recognition it is designated by the Bank and its subsidiaries as at fair value through profit or loss.

▪ ***Held-to-maturity investments:***

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank and its subsidiaries have the positive intention and ability to hold to maturity other than:

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

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

46. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES UNDER CIRCULAR No. 210/2009/TT-BTC (continued)

Financial assets (continued)

▪ ***Loans and receivables:***

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

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

▪ ***Available-for-sale financial assets***

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

- a. Loans and receivables;
- b. Held-to-maturity investments;
- c. Financial assets at fair value through profit or loss.

Financial liabilities

Financial liabilities of the Bank and its subsidiaries under the scope of Circular 210 include borrowings from the Government and the State Bank of Vietnam, deposits and borrowings from other banks, customer deposits, other borrowed funds, valuable papers issued, other liabilities and liabilities arising from currency derivative contracts.

According to Circular 210, financial liabilities, for the purpose of disclosure in the notes to the consolidated financial statements, are appropriately classified into:

▪ ***Financial liability at fair value through profit or loss***

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

- a. It is classified as held for trading. A financial liability is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- b. Upon initial recognition it is designated by the Bank and its subsidiaries as at fair value through profit or loss.

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

**46. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES
UNDER CIRCULAR No. 210/2009/TT-BTC (continued)**

Financial liabilities (continued)

▪ ***Financial liabilities by amortised cost***

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

Offsetting financial assets and liabilities

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

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

46. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES UNDER CIRCULAR No. 210/2009/TT-BTC (continued)

46.1 Carrying value and fair value of financial assets and liabilities

Carrying value and fair value of financial assets of the Bank and its subsidiaries as at 31 December 2012 are presented in the following table:

	<i>Carrying value</i>					<i>Total</i>	<i>Fair value (*)</i>
	<i>Trading</i>	<i>Held-to-maturity</i>	<i>Loans and receivables</i>	<i>Available-for-sale</i>	<i>Other assets and liabilities recorded at amortised cost</i>		
Cash, gold and gemstones	484,887	-	-	-	-	484,887	484,887
Balances with the State Bank	3,031,869	-	-	-	-	3,031,869	3,031,869
Placements with and loans to other banks	1,178,615	28,708,037	-	-	-	29,886,652	30,944,333
Trading securities	40,564	-	-	-	-	40,564	13,387
Derivatives and other financial assets	5,847	-	-	-	-	5,847	3,134
Loans and advances to customers	-	-	56,939,724	-	-	56,939,724	57,153,029
Available-for-sale securities	-	-	-	8,418,596	-	8,418,596	8,415,214
Held-to-maturity securities	-	4,290,544	-	-	-	4,290,544	4,547,014
Other financial assets	-	2,803,585	-	-	-	2,803,585	3,214,827
	4,741,782	35,802,166	56,939,724	8,418,596	-	105,902,268	107,807,694

(*) Due to the lack of information on fair value, the figures presented in the above table are determined based on the carrying value of assets. The carrying value is determined and recorded in accordance with relevant accounting guidance of the Ministry of Finance and the State Bank of Vietnam.

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

46. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES UNDER CIRCULAR No. 210/2009/TT-BTC (continued)

46.1 Carrying value and fair value of financial assets and liabilities (continued)

Carrying value and fair value of financial liabilities of the Bank and its subsidiaries as at 31 December 2012 are presented in the following table:

	Carrying value					Total	Fair value (*)
	Trading	Held-to-maturity	Loans and receivables	Available-for-sale	Other assets and liabilities recorded at amortised cost		
Borrowings from the Government and the SBV	-	-	-	-	-	-	-
Deposits and borrowings from other banks	-	-	-	-	21,777,251	21,777,251	22,570,249
Deposits and other amounts due to customers	-	-	-	-	77,598,520	77,598,520	78,554,252
Derivatives and other financial liabilities	-	-	-	-	-	-	-
Other borrowed funds	-	-	-	-	385,245	385,245	392,600
Valuable papers issued	-	-	-	-	4,370,389	4,370,389	4,539,112
Other financial liabilities	-	-	-	-	-	-	-
	-	-	-	-	104,131,405	104,131,405	106,056,213

(*) Due to the lack of information on fair value, the figures presented in the above table are determined based on the carrying value of liabilities. The carrying value is determined and recorded in accordance with relevant accounting guidance of the Ministry of Finance and the State Bank of Vietnam.

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

46. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES UNDER CIRCULAR No. 210/2009/TT-BTC (continued)

46.2 *Financial assets which have been pledged, or transferred but not qualified for derecognition*

Details of the financial assets of the Bank and its subsidiaries, which have been pledged or mortgaged to secure for loans or transferred under the sale and repurchase contracts with the SBV and other banks, are as follows:

	31 December 2012		31 December 2011	
	<i>Book value</i> VNDm	<i>Related obligations</i> VNDm	<i>Book value</i> VNDm	<i>Related obligations</i> VNDm
Treasury Bills	900,000	900,000	-	-
Government bonds	5,612,939	3,715,939	1,950,000	1,484,954
Municipal bonds	50,000	50,000	-	-
Bonds issued by local credit institutions	-	-	430,000	200,000
Bonds issued by local economic entities	-	-	600,000	300,000
Loans	-	-	-	-
Other assets	-	-	-	-
	6,562,939	4,665,939	2,980,000	1,984,954

47. OPERATING LEASE COMMITMENTS

	31/12/2012 VNDm	31/12/2011 VNDm
Irrevocable operating lease commitments	361,553	203,797
<i>In which:</i>		
- due within one (01) year	43,589	23,263
- due from two (02) to five (05) years	210,635	164,897
- due after five (05) years	107,329	15,637

48. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

There have been no significant events occurring since the consolidated balance sheet date which require adjustments or disclosures to be made in the consolidated financial statements.

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

49. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE END OF THE ACCOUNTING YEARS

	<i>31/12/2012</i>	<i>31/12/2011</i>
	<i>VND</i>	<i>VND</i>
USD	20,828	20,828
EUR	27,566	27,527
GBP	33,689	33,018
CHF	22,847	22,639
JPY	243	276
SGD	17,046	16,381
AUD	21,678	21,692
HKD	2,690	2,736
CAD	20,964	20,783

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31 March 2013