

Annual Report 2013



Overview
2013 Performance
Operational Plan for 2014
Corporate Governance Report 2013
Audited Financial Statements 2013

Overview

About VIB

- Name in Vietnamese: NGAN HANG THUONG MAI CO PHAN QUOC TE VIET NAM
- Name in English: VIETNAM INTERNATIONAL COMMERCIAL JOINT STOCK BANK
- Transaction name (abbreviated): VIB
- Headquarters: 1st, 6th, and 7th Floor, Cornerstone Building, 16 Phan Chu Trinh, Phan Chu Trinh Ward, Hoan Kiem District, Hanoi.
- Tel: (04) 6 276 0068 / Fax: (04) 6 276 0069
- Email: vib@vib.com.vn / Website: www.vib.com.vn
- Certificate of Business Registration No.0100233488 issued by Hanoi Authority for Planning and Investment on 14/02/1996
- Legal representative: Mr. Dang Khac Vy
- Position: Chairman of Board of Directors
- Type of business: Joint stock

VIB: A history

VIB's history can be traced back to September 18th, 1996 when the Bank was established. 18 years of development have marked the bank's significant milestones:

- **1996**
 - On 18/9/1996, International Joint Stock Commercial Bank of Vietnam, abbreviated as Vietnam International Bank (VIB) commenced its operation with an initial capital of VND 50 billion and 23 staff. The first office was headquartered at No. 5 Le Thanh Tong, Hanoi.
- **2006**
 - After 10 years of establishment, the bank's charter capital was increased to over VND 1 trillion. In the same year, VIB was awarded the Certificate of Merit by the Governor of the State Bank of Vietnam.
- **2007**
 - The bank's charter capital was increased to VND 2 trillion with a network of 82 offices. VIB was ranked 3rd out of 500 leading private enterprises in Vietnam by Vietnam Report and Vietnamnet.
- **2009**
 - VIB signed the Comprehensive Cooperation Agreement with the Commonwealth Bank of Australia (CBA).
 - The bank increased its charter capital to VND 3 trillion and officially launched the new brand re-positioning project and implemented various projects for its new business strategy for the 2009-2013 phase.
- **2010**
 - Commonwealth Bank of Australia (CBA) - Australia's leading bank officially became a strategic shareholder of VIB with an initial holding of 15%. VIB's charter capital was increased to VND 4 trillion. The number of branches and transaction offices reached over 130 in 27 provinces and cities nationwide.
- **2011**
 - VIB was honoured with the Flag of Excellence awarded by the State Bank of Vietnam and the Prime Minister. CBA further invested in VIB to increase its holdings to 20%.
- **2012**
 - VIB was recognized as the Best Issuing Bank in East Asia and the Pacific under the Global Trade Finance Program by the IFC.
- **2013**
 - VIB received the Corporate Social Responsibility (CSR) Award for its remarkable contributions to communities.
 - VIB won the High Straight -Through Rate for Payment Processing (STP) Award granted by HSBC Global.
 - VIB moved its headquarters to the Cornerstone Building, 16 Phan Chu Trinh, Hoan Kiem District, Hanoi.
 - VIB ranked 89th among the 500 largest enterprises in Vietnam and ranked 22nd in the top 500 private enterprises in Vietnam in 2013.
 - VIB was recognized as the Best Issuing Bank in East Asia and the Pacific under the Global Trade Finance Program by the IFC.
 - VIB received the 'Vietnamese strong brand 2013' Award granted by the Vietnam Economic Times and Trade Promotion Agency (Ministry of Industry and Trade).

Range of services and network

- Range of services: Finance, Banking, Insurance.
- Branches and representative offices: 151 branches in 27 provinces and cities nationwide.

Organizational structure

Corporate governance

Board of Directors (Board of Directors)

- Mr. Dang Khac Vy - Chairman of the Board of Directors
- Mr. Dang Van Son - Vice Chairman of the Board of Directors
- Mr. Han Ngoc Vu - Member of the Board of Directors cum Chief Executive Officer
- Mr. Do Xuan Hoang - Member of the Board of Directors
- Mr. Tran Nhat Minh - Member of the Board of Directors cum Permanent Deputy CEO
- Mr. Garry Lynton Mackrell - Member of the Board of Directors
- Mr. Ronal Wayne Hoy - Member of the Board of Directors
- Mr. Bradley Charles La Londe - Independent Board Member

Supervisory Board

- Mr. Trinh Thanh Binh - Head of the Supervisory Board
- Ms. Nguyen Luong Thi Bich Thuy - Member of the Supervisory Board
- Mr. Daniel Andrew Bilski - Member of the Supervisory Board

Board of Management

- Mr. Han Ngoc Vu - Chief Executive Officer, Member of the Board of Directors
- Mr. Tran Nhat Minh - Permanent Deputy CEO, Member of the Board of Directors
- Mr. Le Quang Trung - Deputy CEO and Head of Treasury
- Mr. An Thanh Son - Deputy CEO and Head of General Counsel Division
- Mr. Loic Faussier - Deputy CEO and Chief Risk Officer
- Ms. Vuong Thi Huyen - Head of Wholesale Banking

- Mr. Rahn Wood - Head of Retail Banking
- Ms. Dang Thi Phuong Diem - Head of General Operations
- Mr. Ho Van Long - Chief Financial Officer
- Ms. Nguyen Thi Thu Giao - Head of Human Resources
- Mr. Luu Danh Duc - Head of Business Technology Services Centre
- Mr. David Goddard - Head of Strategy & Business Development

Subsidiaries and affiliated companies

As of 31 December 2013, VIB has two (2) following subsidiaries:

1. Company: VIB Asset Management Single-Member Company Limited (VIB AMC)
Business Registration Certificate No.: 0104009004 issued by Hanoi Authority for Planning and Investment on 29 December 2009
Field of business: Debt and Asset Management
VIB's ownership: 100%
2. Company: VIBank-Ngo Gia Tu Company Limited
Business Registration Certificate No.: 0101751475 issued by Hanoi Authority for Planning and Investment on February 19th 2014
Field of business: Civil engineering investment
VIB's ownership: 100%

Strategic direction

• Goal

To become the bank offering the best customer experience in Vietnam.

• Vision

To be the most innovative and customer-centric bank of Vietnam.

• Core Values

- Customer focus
- Excellence
- Honesty
- Collaboration
- Discipline

- **Mission**

- For customers: To excel in offering innovative, customer-centric solutions to best meet the needs of our customers.
- For employees: To develop a high performance and entrepreneurship culture into our work environment.
- For shareholders: To deliver attractive and sustainable values to our shareholders.
- For the community: To effectively contribute to community development.

VIB's performance in 2013

Throughout a challenging 2013 - for both the economy and the banking sector - VIB pursued a 3 pillars development strategy: growth - risk management - productivity and achieved significant results.

Performance highlights

Indicators	2013's results	2012's results	% increase/decrease	2013's plans
Total assets	76,875	65,023	18.2%	75,485
Fund mobilization	43,239	40,062	7.9%	52,775
Outstanding Loans (including corporate bonds)	37,553	35,872	4.7%	39,100
4Non-performing loans	2.82%	2.62%	7.63%	
5Emergency reserve	871	744	17%	
Charter capital	4,250	4,250	0.0%	4,250
Capital Adequacy Ratio (CAR)	18.0%	19.4%	-7.2%	
Pre-tax profits	81	701	-88.4%	1,186
Return on Equity (pre-tax)	1.00%	8.50%	-88.2%	13.90%
Asset investment	134	132	1.5%	376

Unit: Billion VND, %

Details can be found in the Audited Financial Statements.

The performance results of subsidiaries have been consolidated in the 2013's results column.

Overall Evaluation

Regarding short-term financial targets, the bank did not achieve a number of basic indicators for 2013. However, in the medium and long term, remarkable progress has been made in systems development, tailoring to a new clientèle, developing a dedicated, cohesive, and well-qualified workforce as the solid foundations for future development.

Operational plans for 2014

Based on 2013 performance and outlined strategies, the following targets for 2014 have been set out by the Board of Directors and reported to the General Shareholders Meeting

Indicators	Plans for 2014	Results in 2013	% increase
Total assets	87,559	76,875	14%
Fund mobilization	52,130	43,239	19%
Outstanding Loans, scenario 1 (note 1)	42,470	37,553	13%
Outstanding Loans, scenario 2 (note 2)	47,356	37,553	26%
Pre-tax profits (note 2)	323	81	299%
Investment in asset acquisition (note 2)	291	134	117%

Unit: billion VND, %

Note 1: Loans include corporate bonds.

- Scenario 1 refers to the credit growth plan based on current rules by the State Bank which regulates a credit growth of 13% against 2013 for VIB.
- Scenario 2 refers to the credit growth plan based on VIB's actual capabilities at over 13%, with additional approval by the State Bank. (In the first quarter of 2013, VIB was allowed to have a credit growth of 9%; however, this percentage was approved by the State Bank to be raised to 20% for the whole year).

As 2014 is expected to be a year full of economic uncertainties, VIB leadership has determined to pursue the tri-pillar framework of growth, performance and risk management, focusing in six key areas:

- Sustainable revenue growth
- Outstanding customer service

Note 2: The plans for asset acquisition investments and pre-tax profits do not reflect the performance results of VIBANK-NGT company limited - VIB's subsidiary due to the ongoing process of reducing the bank's ownership in this company to below 11% as regulated by the Law on Credit Institutions of 2010 and as requested by the State Bank. As a result, the business plan for this subsidiary will be mapped in line with this schedule by the Board of Directors and will be reported at the upcoming General Shareholders Meeting.

- Excellent employee cohesion
- Exceptional operational model
- Sound risk management
- Healthy balance sheet

Corporate governance report 2013

Board of Directors' operational review

Board of Directors structure and members

- Mr. Dang Khac Vy - Chairman of the Board of Directors
- Mr. Dang Van Son - Vice Chairman of the Board of Directors
- Mr. Han Ngoc Vu - Member of the Board of Directors cum Chief Executive Officer
- Mr. Do Xuan Hoang - Member of the Board of Directors
- Mr. Tran Nhat Minh - Member of the Board of Directors cum Permanent Deputy CEO
- Mr. Garry Lynton Mackrell - Member of the Board of Directors
- Mr. Ronal Wayne Hoy - Member of the Board of Directors
- Mr. Bradley Charles La Londe - Independent Board Member

Committees under the Board of Directors

- Human Resources Committee
- Risk Management Committee

Board of Directors' activities

The Board of Directors and the Supervisory Board for the term VI (2013-2016) elected by the General Shareholders Meeting of 2013 include 8 Board of Directors members (1 independent member) and 3 Supervisory Board members (2 full-time members). The members of the Board of Directors and the Supervisory Board for the new term are members in good standing with excellent qualifications, extensive banking, financial services, and management experience. They have contributed much to the bank's development, ensured stability and continuity of values, as well as corporate governance in a new era.

In 2013, the Board, collectively, devoted significant time and focus to making recommendations to improve governance and set the strategic direction forward for the bank. In line with national laws and regulations and VIB's Charter, the Board met 5 times at regular meetings in 2013. The Board has also played an active and critical role in providing opinions and issued over 90 resolutions based on questionnaires on various key areas such as (i) business

growth, (ii) strengthening risk management, (iii) improving work efficiency, thus timely supported the Board of Management in the implementation of set business plans.

Main corporate governance activities in 2013:

During the year, significant regulations and decisions related to governance activities were made by the Board of Directors, while activities with the aim of improving and enhancing corporate governance mechanism were also performed, including:

- Gradually enhancing the role of 2 committees under the Board- HR Committee and Risk Management Committee in consulting and supporting the Board in the decision-making process; strengthening the important role and regular contribution of the Board members in the Board's own activities as well as the bank's operation.
- Contributing remarkably to embedding corporate culture into the bank's transition goals, taking a strategic approach towards business culture and work ethics to improve efficiency, enhancing compliance consistent with the core values and ethical standards of the bank.
- Approving the restructuring plan of VIB for the 2013 - 2015 phase and reporting to the State Bank.
- Performing changes in the organizational structure of various departments with a view to optimizing human resources and simplifying procedures.

In addition to normal governance activities, during the year, the Board also provided active support to the Board of Management in various key areas such as:

- Promoting business relationships, maintaining and increasing engagement with major and key customers.
- Supporting the maintenance and development of contacts and connections with relevant government authorities, international financial institutions and organizations.
- As part of VIB-NGT's management task, delivering business plans on putting Cornerstone building to effective use.
- In managing VIB AMC, giving best assistance in relations to VIB's credit activities, enhancing asset management

capacity, valuation and assets recovery.

- Making timely and essential decisions to support the Management Board in managing and handling nonperforming loans through Risk Handling Council in response to continued volatility of financial markets and overdue loan increase across the industry.

Supervisory Board's activities

Supervisory Board's structure and members

- Mr. Trinh Thanh Binh - Head of the Supervisory Board
- Ms. Nguyen Luong Thi Bich Thuy - Member of the Board of Supervisors
- Mr. Daniel Andrew Bilski - Member of the Supervisory Board

Supervisory Board's activities

- In 2013, a board transition was completed with Ms. Nguyen Luong Thi Bich Thuy elected by the General Shareholders Meeting of 2013 to replace Mr. Pham Quang Vinh who stepped down from the Board in January 2013. The Supervisory Board consists of 3 members: 2 full-time members including Mr. Trinh Thanh Binh - the Head of the Supervisory Board and Ms. Nguyen Luong Thi Bich Thuy and 1 part-time member - Mr. Daniel Andrew Bilski.
- In carrying out its monitoring work, the Supervisory Board succeeded in offering timely proposals to the Board of Directors and Management Board on risk activities so that appropriate policies and decisions were made to ensure

the effectiveness of the bank's management. From the final months of 2012, the Supervisory Board was assigned by the Board of Directors to further strengthen its role in anti-corruption. Accordingly, the Internal Investigation Division was set up with four members having extensive experience in investigation and police work. The Division performed its role efficiently in detecting and handling malpractice cases and greatly contributed to maintaining integrity and compliance in the bank's system. 66 cases were discovered last year, in which cases related to violation of the Penal Code were brought to the attention of public security authorities for prosecution in strict accordance with the law.

- The Supervisory Board provided direct guidance on internal audit activities and focused on identifying breaches and risks and ensuring compliance across the system; participated in the investigation and audit teams in high-profile cases; scrutinized and approved investigation findings and audit reports; regularly reviewed the bank's annual financial statements and fully attended Board of Directors' meetings in accordance with laws and regulations.
- The Supervisory Board developed a 3-layer monitoring system in which internal audit is the final layer providing independent evaluation on the compliance, risks and efficiency of the second layer (departments and divisions at headquarters, internal control system) and the first layer (business units).

Consolidated financial statements

VIETNAM INTERNATIONAL COMMERCIAL JOINT STOCK BANK

Banking Licence No.	0060/NH-GP	25 January 1996
	The banking licence was issued by the State Bank of Vietnam and is valid for 99 years from the date of the banking licence.	
Business Registration Certificate No.	0100233488	14 February 1996
	The Bank's business registration has been amended several times, the most recent of which is by the business registration No. 0100233488 dated 5 March 2014. The business registration certificate was issued by the Hanoi Department of Planning and Investment.	
Board of Directors	Mr. Dang Khac Vy	Chairman
	Mr. Dang Van Son	Vice Chairman
	Mr. Han Ngoc Vu	Member
	Mr. Do Xuan Hoang	Member
	Mr. Tran Nhat Minh	Member
	Mr. Ronald Wayne Hoy	Member
	Mr. Garry Lynton Mackrell	Member
	Mr. Bradley Charles Lalonde	Member
Board of Management	Mr. Han Ngoc Vu	Chief Executive Officer (appointed on 16/09/2013)
	Ms. Dam Bich Thuy	Chief Executive Officer (appointed on 23/05/2013 and resigned on 16/09/2013)
	Ms. Duong Thi Mai Hoa	Chief Executive Officer (resigned on 31/01/2013)
	Mr. Tran Nhat Minh	Deputy Chief Executive Officer
	Mr. Le Quang Trung	Deputy Chief Executive Officer cum Head of Treasury
	Mr. Loic Faussier	Deputy Chief Executive Officer cum Chief Risk Officer
	Mr. An Thanh Son	Deputy Chief Executive Officer cum Head of General Counsel (appointed on 14/08/2013)
	Mr. Vivek Chand	Deputy Chief Executive Officer cum Head of Wholesale Banking (resigned on 30/06/2013)
	Mr. Ho Van Long	Chief Financial Officer

Independent auditors' report



To the Shareholders

Vietnam International Commercial Joint Stock Bank

We have audited the accompanying consolidated financial statements of Vietnam International Commercial Joint Stock Bank ("the Bank") and its subsidiaries (collectively referred to as "VIB"), which comprise the consolidated balance sheet as at 31 December 2013, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorized for issue by the Bank's Board of Directors on 26 March 2014, as set out on pages 6 to 65.

Management's responsibility for the Consolidated Financial Statements

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

Auditor's responsibility

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

KPMG Limited Vietnam

Investment Certificate No. 011043000345

Audit Report No. 13-02-100/3



Tran Dinh Vinh

Practicing Auditor Registration

Certificate No. 0339-2013-007-1

Deputy General Director

Hanoi, 26 March 2014

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of VIB as at 31 December 2013 and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

Nguyen Minh Hieu

Practicing Auditor Registration

Certificate No. 1572-2013-007-1

Consolidated balance sheet as at 31 December 2013

Unit: VND million

	31/12/2013	31/12/2012
A ASSETS		
I Cash and gold on hand	572,546	721,140
II Balances with the State Bank of Vietnam	1,065,667	1,932,929
III Balances with and loans to other credit institutions	7,966,703	7,375,719
1 Deposits with other credit institutions	6,423,698	6,420,325
2 Loans to other credit institutions	1,554,750	968,480
3 Allowance for loans to other credit institutions	(11,745)	(13,086)
V Derivatives and other financial assets	25,783	-
VI Loans and advances to customers	34,313,126	33,313,035
1 Loans and advances to customers	35,238,517	33,887,202
2 Allowance for loans and advances to customers	(925,391)	(574,167)
VII Investment securities	21,595,261	13,795,143
1 Available-for-sale securities	21,311,835	13,812,584
2 Held-to-maturity securities	295,426	-
3 Allowance for diminution in the value of investment securities	(12,000)	(17,441)
VIII Long-term investments	177,442	183,553
4 Other long-term investments	245,388	249,878
5 Allowance for diminution in the value of long-term investment	(67,946)	(66,325)
IX Fixed assets	364,845	403,744
1 Tangible fixed assets	273,455	195,384
a Cost	592,943	507,738
b Accumulated depreciation	(319,488)	(312,354)
3 Intangible fixed assets	91,390	208,360
a Cost	208,645	307,184
b Accumulated amortisation	(117,255)	(98,824)
X Investment properties	852,722	24,403
a Cost	875,748	24,403
b Accumulated depreciation	(23,026)	-
XI Other assets	9,940,575	7,273,740
1 Receivables	8,919,486	6,038,719
2 Accrued interest and fee receivables	832,647	1,116,114
3 Deferred tax assets	257	330
4 Other assets	323,603	220,775
5 Allowance for other assets	(135,418)	(102,198)
TOTAL ASSETS	76,874,670	65,023,406

Consolidated balance sheet as at 31 December 2013

Unit: VND million

	31/12/2013	31/12/2012
B LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
I Amounts due to the Government and the State Bank of Vietnam	998,045	1,913,899
II Deposits and borrowings from other credit institutions	19,036,314	11,244,628
1 Deposits from other credit institutions	6,955,134	3,616,236
2 Borrowings from other credit institutions	12,081,180	7,628,392
III Deposits from customers	43,239,428	39,061,259
IV Derivatives and other financial liabilities	-	10,039
V Other borrowed and entrusted funds	455,944	390,163
VI Valuable papers issued	308	1,000,599
VII Other liabilities	5,162,005	2,967,115
1 Accrued interest and fee payables	524,533	444,440
2 Deferred tax liabilities	21,870	14,247
3 Other liabilities	4,600,384	2,492,554
4 Provision for off-balance sheet commitments	15,218	15,874
TOTAL LIABILITIES	68,892,044	56,587,702
SHAREHOLDERS' EQUITY		
VIII Capital and reserves	7,982,626	8,371,463
1 Capital	6,802,951	6,802,951
a Share capital	4,250,000	4,250,000
b Share premium	2,552,958	2,552,958
c Treasury shares	(7)	(7)
2 Reserves	1,113,793	1,038,179
5 Retained earnings	65,882	530,333
TOTAL SHAREHOLDERS' EQUITY	7,982,626	8,371,463
IX MINORITY INTEREST	-	64,241
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTEREST	76,874,670	65,023,406

Consolidated balance sheet as at 31 December 2013

Unit: VND million

	31/12/2013	31/12/2012
I OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
2 Letters of credit	806,690	725,621
3 Other guarantees	1,300,830	1,-328,731
II OTHER COMMITMENTS		
1 Undrawn loan commitments	1,786,944	2,132,416

Prepared by

Tran Thi Thanh Tra
Head of General Accounting

Reviewed by

Ho Van Long
Chief Financial Officer

Approved by



Han Ngoc Vu
Chief Executive Officer

26 March 2014

Consolidated statement of income for the year ended 31 December 2013

Unit: VND million

	2013	2012
1 Interest and similar income	4,790,141	8,710,770
2 Interest and similar expenses	(2,854,483)	(5,722,070)
I Net interest income	1,935,658	2,988,700
3 Fee and commission income	253,952	233,141
4 Fee and commission expenses	(89,408)	(106,201)
II Net fee and commission income	164,544	126,940
III Net gain from trading of foreign currencies	23,026	38,199
V Net gain/(loss) from investment securities	233,446	(31,110)
5 Other income	248,645	414,010
6 Other expenses	(96,743)	(284,163)
VI Net gain from other activities	151,902	129,847
VII Income from investments in other entities	5,070	8,410
VIII Operating expenses	(1,561,497)	(1,816,259)
IX Operating profit before allowance and provision expenses	952,149	1,444,727
X Allowance and provision expenses	(871,058)	(743,964)
XI Profit before tax	81,091	700,763
7 Income tax expense - current	(23,147)	(165,863)
8 Income tax expense - deferred	(7,696)	(14,511)
XII Total income tax expense	(30,843)	(180,374)
XIII Net profit after tax	50,248	520,389
XIV Minority interest	-	(2,824)
Profit after tax attributable to the Bank's shareholders	50,248	523,213
XV Basic earnings per share (VND/share)	118	1,231

Prepared by



Tran Thi Thanh Tra
Head of General Accounting

Reviewed by



Ho Van Long
Chief Financial Officer

Approved by



Han Ngoc Vu
Chief Executive Officer



26 March 2014

Consolidated statement of cash flows for the year ended 31 December 2013

Unit: VND million

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
01 Interest and similar income received	5,073,608	8,936,474
02 Interest and similar expenses paid	(2,774,390)	(6,202,007)
03 Fee and commission income received	78,173	126,940
04 Net receipts from foreign currencies and securities trading activities	252,652	14,290
05 Other income received	238,273	129,847
07 Operating and salary expenses payments	(1,466,083)	(1,792,664)
08 Corporate income tax paid	(92,036)	(106,481)
Net cash flows from operating activities before changes in operating assets and liabilities	1,310,197	1,106,399
Changes in operating assets		
09 Balance with and loans to credit institutions	3,415,548	5,481,620
10 Investment securities	(7,794,677)	6,639,967
11 Derivatives and other financial assets	(25,783)	-
12 Loans and advances to customers	(6,611,182)	5,986,099
13 Using allowance to write off bad debts	(421,475)	(432,866)
14 Other assets	1,899,964	(1,809,853)
Changes in operating liabilities		
15 Amounts due to the Government and the State Bank of Vietnam	(915,854)	1,015,747
16 Deposits and borrowings from other credit institutions	7,791,686	(17,452,725)
17 Deposits from customers	4,178,169	(5,087,867)
18 Valuable papers issued	(1,000,291)	(12,338,933)
19 Other borrowed and entrusted funds	65,781	28,467
20 Derivatives and other financial liabilities	(10,039)	2,028
21 Other liabilities	2,080,128	2,050,087
I NET CASH FLOWS FROM OPERATING ACTIVITIES	3,962,172	(14,811,830)

Consolidated statement of cash flows for the year ended 31 December 2013

Unit: VND million

	2013	2012	
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payments for purchases of fixed assets	(134,318)	(132,077)
02	Proceeds from disposal of fixed assets	4,816	5,092
04	(Payments for purchase)/proceeds from disposal of investment property	(427,895)	13,516
07	Proceeds from investments in other entities	4,490	32,619
09	Dividends received from long-term investments	5,070	8,410
II	NET CASH FLOWS FROM INVESTING ACTIVITIES	(547,837)	(72,440)
CASH FLOWS FROM FINANCING ACTIVITIES			
04	Dividend paid to shareholders	(425,000)	(297,500)
III	NET CASH FLOWS FROM FINANCING ACTIVITIES	(425,000)	(297,500)
IV	NET CASH FLOWS FOR THE YEAR	2,989,335	(15,181,770)
V	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,072,576	20,254,346
VI	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8,061,911	5,072,576

Prepared by



Tran Thi Thanh Tra
Head of General Accounting

Reviewed by



Ho Van Long
Chief Financial Officer

Approved by



Hàn Ngọc Vu
Chief Executive Officer

26 March 2014

Notes to the consolidated financial statements for the year ended 31 December 2013

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

Reporting entity

Vietnam International Commercial Joint Stock Bank (hereinafter referred to as "the Bank") is a joint stock bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established pursuant to Banking License No. 006/NH-GP dated 25 January 1996 issued by the State Bank of Vietnam ("the SBV") and Business Registration Certificate No. 0100233488 dated 14 February 1996 issued by Hanoi Department of Planning and Investment.

The principal activities of the Bank are to mobilise and receive short, medium and long-term deposit funds from organisations and individuals; lending on a short, medium and long-term basis up to the nature and ability of the Bank's capital resources; conducting settlement and cash services and other banking services as approved by the SBV; conducting investments in associates, joint-ventures and other companies; investment in bonds and deal in foreign exchange in accordance with applicable regulations.

As at 31 December 2013, the Bank's share capital is VND4,250,000,000,000. Face value per share is VND10,000. The Bank's Head Office is located at 1st, 6th and 7th floors, CornerStone Building, 16 Phan Chu Trinh, Hoan Kiem, Hanoi. As at 31 December 2013, the Bank has 151 business units including one (1) Head Office, one (1) transaction centre, forty eight (48) branches, ninety seven (97) transaction offices, four (4) saving fund nationwide and two (2) subsidiaries.

As at 31 December 2013, the Bank had two (2) subsidiaries as follows:

1. Company: VIB Asset Management Single-Member

Company Limited (VIB AMC)

Business Registration Certificate No.: 0104009004 issued by Hanoi Authority for Planning and Investment on 29 December 2009

Field of business: Debt and Asset Management

VIB's ownership: 100%

2. Company: VIBank-Ngo Gia Tu Company Limited

Business Registration Certificate No.: 0101751475 issued by Hanoi Authority for Planning and Investment on February 19th 2014

Field of business: Civil engineering investment

VIB's ownership: 100%

The Bank and its subsidiaries are referred to as "VIB".

As at 31 December 2013, VIB had 3,349 employees (31 December 2012: 3,748 employees).

Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the SBV and the relevant statutory requirements applicable to financial reporting. These standards and statutory requirements may differ in some material respects from the International Accounting Standards, generally accepted accounting principles and standards of other countries. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated results of operations and consolidated cash flows of the Bank in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.

Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the

accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the direct method.

Accounting period

The annual accounting period of VIB is from 1 January to 31 December.

Accounting currency

The accounting currency of VIB is Vietnam Dong ("VND"). The consolidated financial statements are prepared and presented in VND, rounded to the nearest million ("VND million").

Summary of significant accounting policies

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

Basis of consolidation

Subsidiaries

Subsidiaries are those companies over which VIB has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are de-consolidated from the date on which control ceases.

Transactions eliminated on consolidation

Inter-company balances, transactions and unrealised gains on transactions between those companies and the Bank are eliminated on the consolidated financial statements. Unrealised losses also eliminated unless transactions provide evidence of an impairment of the asset transferred. The accounting policies of subsidiaries have been changed when necessary to ensure the consistency with the policies adopted by the Bank.

Foreign currency

Monetary assets and liabilities denominated in currencies

other than VND are translated into VND at the rates of exchange ruling at the balance sheet date, non-monetary foreign currency assets and liabilities are reported using the exchange rates effective at the date of the transactions. Translation adjustments arising from dealing activities as at the balance sheet date are recorded in the consolidated statement of income. Income/expense transactions incurred in foreign currencies are recognised in the consolidated statement of income in VND using the exchange rates ruling on the dates of the transactions.

Cash and cash equivalents

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

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

Investment securities

Classification

Investment securities are classified into two categories: held-to-maturity investment securities and available-for-sale investment securities. The Bank classifies investment securities at the purchase date. In accordance with Official Letter 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV, the Bank is allowed to reclassify investment securities once after the purchase date.

Held-to-maturity investment securities

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

Available-for-sale investment securities

Available-for-sale investment securities are defined as debt securities, equity securities or other securities, which are

acquired for an indefinite period and may be sold at any time.

Recognition

VIB recognises investment securities on the date that it becomes a party to the contractual provisions of these securities (trade date accounting).

Measurement

If the available-for-sale securities are debt securities, the investment securities are initially recognised at their cost, including transaction cost and other directly related costs. After that, debt securities are recognised at amortised cost (affected by the amortisation of premium and discount) less allowance for diminution in value. Premium and discount arising from purchases of debt securities are amortised to the consolidated statement of income using straight-line basis from the acquisition dates to maturity dates.

If the available-for-sale securities are equity securities, the investment securities are initially recognised at their cost, and are subsequently measured at the lower of cost and market value are the diminution in value losses are recognised in the consolidated statement of income.

Listed available-for-sale equity securities are stated at cost less allowance for diminution in value by reference to closing prices of securities from the Ho Chi Minh City Stock Exchange and average prices from the Hanoi Stock Exchange at the balance sheet date.

Unlisted equity securities which are actively traded on market for Unlisted Public Companies (UpCom) are stated at fair value determined by the average trading price on the system at the balance sheet date.

Unlisted available-for-sale equity securities are stated at cost less allowance for diminution in value by reference to the average price of the transaction price quotes from three securities companies having chartered capital above VND300 billion. Allowance for diminution in value is made when the book value is higher than the market value

determined in accordance with Circular No. 228/2009-TT-BTC issued by Ministry of Finance dated 7 December 2009 ("Circular 228") and Circular No. 89/2013/TT-BTC issued by Ministry of Finance dated 28 June 2013 ("Circular 89"). In case the market value cannot be determined, no allowance for diminution in value is made for these securities.

Available-for-sale debt securities and held-to-maturity securities are measured at cost less allowance for diminution in value by reference to the market value. In case that market price of these securities is not available or cannot be determined reliably, these securities are stated at cost. Post-acquisition interest income of available-for-sale debt securities and held-to-maturity securities is recognised in the consolidated statement of income on an accrual basis.

Long-term investments

Classification

Investments associates and joint-ventures: Associates are those entities in which the Bank has significant influence, but not control, over the financial and operating policies. Accordance with the Law on Credit Institutions, an entity is an associate of the Bank if the Bank or the Bank and its related parties own more than 11% of the entity's chartered capital or voting shares, but not control the entity as a subsidiary of VIB.

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

Other long-term investments: Other long-term investments are investments in the equity of companies without having control or significant influence over the financial and operating policies of the investee.

Recognition

VIB recognises investment on the date that it becomes a party to the contractual provisions of these investments (trade date accounting).

Measurement

These investments are initially stated at cost, cost is determined on a weighted average basis.

Allowances for diminution in the value of investments in equity of economic entities are required if the economic entities suffer losses (except when the loss was anticipated in their business plan before the date of investment) in accordance with Circular 228 and Circular 89.

Loans and advances to customers

Loans and advances to customers are stated at the amount of the principal outstanding less any allowance for loans and advances to customers.

Short-term loans are those with a repayment date within one year of the loan disbursement date. Medium-term loans are those with a repayment date between one to five years of the loan disbursement date. Long-term loans are those with a repayment date of more than five years from the date the loan disbursement date.

Decision No. 493/2005/QD-NHNN dated 22 April 2005 issued by the SBV ("Decision 493"), which was amended and supplemented by Decision No. 18/2007/QD-NHNN dated 25 April 2007 issued by the SBV ("Decision 18"), requires specific allowance to be made for loans and advances on a quarterly basis based on loan groups. The specific allowance disclosed at the balance sheet date is determined utilising the following allowance rates against principal outstanding as at 30 November less allowed value of collateral which is discounted at regulated rates of the SBV.

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

The basis to determine loan group as well as the value and discounted value for each type of collateral is specified in Decision 493 and Decision 18.

In accordance with the requirements of Decision 493, loans and advances are written off against the allowance when loans and advances have been classified to Group 5 or when borrowers have declared bankruptcy or dissolved (for borrowers being organisations, enterprises) or borrowers have been dead or missing (for borrowers being individuals).

Pursuant to Decision No. 780/QD-NHH dated 23 April 2012 by the SBV ("Decision 780"), credit ratings of rescheduled or extended debts of customers whose business and debt repayment ability are assessed to become positive after their debts are rescheduled or extended on the assessment basis by the Bank are remained unchanged.

Allowance for loans to other credit institutions

In accordance to Circular No. 21/2012/TT-NHNN issued by the SBV dated 18 June 2012 on regulation on operation of lending, borrowing; term purchase and sale of valuable papers among foreign credit institutions and bank branches, allowances for loans to other credit institutions are calculated in accordance with Decision 493 and Decision 18. The allowance policy for loans to other credit institutions is consistent with that for loans and advances to customers as described in Note 3(f).

Allowance for off-balance sheet commitments

In accordance with Decision 18, VIB also classifies guarantees, acceptances and undrawn loan commitments which are irrevocable and unconditional into five groups (Note 3(f)) and make specific allowances accordingly. The specific allowance rates for the above balances are the same as those for loans and advances to customers.

Besides, in accordance with Decision 493, VIB is also required to make a general provision of 0.75% of total outstanding letters of guarantee, letters of credit, and undrawn loan commitments which are irrevocable and unconditional as at the balance sheet date.

Derivative financial instruments

Derivatives are recorded in a balance sheet account at contract value on the date which a derivative contract is entered into and revaluated subsequently at exchange rate of each year end. Gains or losses from derivatives are recognised in the consolidated statement of income. Derivative financial instruments classified as derivative financial assets if the value recorded is positive and classified as derivative financial liabilities if the value recorded is negative.

Tangible fixed assets**Cost**

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

Depreciation

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

- Buildings and structures 25 years
- Office equipment 5 - 10 years
- Motor vehicles 6 years
- Others 2 - 7 years

Intangible fixed assets**Land-use rights**

Land-use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of the Law on Land (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land-use rights are stated at cost less accumulated amortisation. The initial cost of a land-use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land-use rights. Amortisation is computed on a straight-line basis over leasehold period.

Software

The cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis over 5-8 years.

Others

Other intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is computed on a straight-line basis.

Investment property**Cost**

Investment property is stated at cost less accumulated depreciation. The initial cost of an investment property comprises its purchase price, cost of land-use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after the investment property has been put into operation, such as repairs and maintenance,

is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property, the expenditure is capitalised as an additional cost of the investment property.

Depreciation

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

- leasehold land-use rights 50 years
- buildings 20 years

Investment property which is freehold land-use right is not amortised.

Other receivables

Receivables other than loans to customers are initially recorded at cost and subsequently presented at cost less provision in the following periods.

Receivables are subject to review for impairment based on overdue periods of receivables or estimated loss arising from undue debts of which the indebted economic organisations fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Increases or decreases to the provision balance are recorded in "Provision expenses" in the consolidated statement of income.

For overdue receivables, VIB has provided provision for doubtful receivables in accordance with Circular 228 as follows:

Overdue period	Provision rate
• From six (06) months up to one (01) year	30%
• From one (01) year up to two (02) years	50%
• From two (02) years up to three (03) years	70%
• Three (03) years or more	100%

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Bank interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the consolidated statement of income. Goodwill is amortised on a straight-line basis over 10 years.

Other provision

A provision is recognised if, as a result of a past event, VIB has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Other payables

Other payables are stated at their cost.

Share capital

Ordinary shares

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

Share premium

On receipt of capital from shareholders, the difference between the issue price and the par value of the shares is credited to share premium account in equity.

Treasury shares

When the Bank purchases its own shares, the total amount paid, which includes directly attributable costs, net off any tax effects, is recognised as a deduction from equity.

Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Reserves and funds

The Bank

The Bank is required to make the following allocations before distribution of profits:

- Reserve to supplement share capital
Annual allocation: 5% of profit after tax
Maximum balance: Share capital
- Financial reserve
Annual allocation: 10% of remaining profit after tax
Maximum balance: 25% share capital

Other equity funds are allocated from profit after tax. The allocation from profit after tax and the utilisation of the other equity funds are approved by the shareholders in the General Shareholders Meeting. Other equity funds, except for reserve to supplement charter capital and financial reserve, are not required by law and are fully distributable. In 2013, The Bank has allocated all reserves and equity funds from profit after tax of the year ended 31 December 2012 in accordance with resolution from General Shareholders Meeting.

The subsidiaries

- Vietnam International Commercial Joint Stock Bank - Asset Management Company Limited
According to Circular No. 27/2002/TT-BTC issued by the Ministry of Finance dated 22 March 2002, the allocations to reserves before distribution of profits are required to be made the same as that of the Bank.
 - VIB - Ngo Gia Tu Company Limited
The allocations to reserves before distribution of profits are at the Bank's discretion.

Revenue recognition

Interest income

Interest income is recognised in the consolidated statement of income on an accruals basis, except for

interest on loans classified in Group 2 to Group 5 as defined in Note 3(f) which is recognised upon receipt.

Fee and commission income

Fees and commissions are recognised in the consolidated statement of income on an accruals basis.

Dividend income

Dividends receivable in cash are recognised in the consolidated statement of income when VIB's right to receive payment is established.

In accordance with Circular No. 244/2009/TT-BTC dated 31 December 2009, dividend received in the form of shares, shares distributed from retained earnings are recognised as an increase in the number of shares held by VIB, not recognised in the consolidated financial statement.

Interest expenses

Interest expenses are recognised in the consolidated statement of income on an accruals basis.

Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received and paid are recognised in the consolidated statement of income as an integral part of the total lease expense.

Taxation

Income tax for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income.

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting

purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

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

Basic earnings per share

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

Segment reporting

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

Off-balance sheet items

Foreign exchange contracts

VIB enters into foreign exchange forwards and swaps which enable customers to transfer, modify or reduce their foreign exchange or other market risks and also trades these products for its own account.

The forward contracts are commitments to buy or sell a specific currency at a specific date in the future is determined according to a pre-determined exchange rate and will be paid in cash. The forward contracts are recorded at nominal value at the transaction date and are revalued at the exchange rate at reporting date. Gains or losses realized

or not recognised in the consolidated statement of income. The swaps are commitments to settle in cash at a future date based on the difference between the pre-determined exchange rates, calculated on a notional principal amount.

Commitments and contingent liabilities

VIB has outstanding credit commitments to extended credit. These commitments are approved and unutilised loans and overdraft facilities. VIB also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore these commitments and contingent liabilities do not represent firm commitment of future cash flows.

Classification of financial assets and financial liabilities for disclosure purpose

Classification of financial assets and financial liabilities

Solely for the purpose of providing disclosures about the significance of financial instruments to the consolidated financial position and consolidated results of operations and the nature and extent of risk arising from financial instruments, VIB classifies its financial instruments as follows:

Financial assets

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

- It is considered by VIB as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).

- Upon initial recognition, it is designated by VIB as at fair value through profit or loss.

Held-to-maturity investments. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that VIB has the positive intention and ability to hold to maturity, other than:

- financial assets that, upon initial recognition, were categorized as such recognized at fair value through profit or loss;
- financial assets already categorized as available-for-sale; or
- financial assets that meet the definitions of loans and receivables.

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 those:

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

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

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

Financial liabilities

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

- It is considered by VIB as held for trading. A financial

liability is considered as held for trading if:

- it is incurred principally for the purpose of repurchasing it in the near term;
- there is evidence of a recent pattern of short-term profit-taking; or
- a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).

- Upon initial recognition, it is designated by VIB as at fair value through profit or loss.

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

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

Measurement of fair value

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

When available, VIB measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

