

Vietnam Joint Stock Commercial Bank for Industry and Trade

Interim separate financial statements

For the six-month period ended 30 June 2019



Vietnam Joint Stock Commercial Bank for Industry and Trade

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Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION

THE BANK

Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank" or "VietinBank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established on the basis of equitizing Vietnam Bank for Industry and Trade, a State-owned commercial bank set up under the name of Vietnam Industrial and Commercial Bank in accordance with Decree No. 53/ND-HDBT dated 26 March 1988 of the Ministers' Council on the organization of the State Bank of Vietnam ("the SBV"). The Bank was officially renamed Vietnam Bank for Industry and Trade in accordance with Decision No. 402/CT dated 14 November 1990 granted by the Chairman of Ministers' Council. Also, the Governor of the SBV signed Decision No. 285/QD-NH5 dated 21 September 1996 to re-establish the Bank under State corporation model. On 25 December 2008, Vietnam Bank for Industry and Trade successfully carried out its initial public offering.

The Bank was equitized and renamed Vietnam Joint Stock Commercial Bank for Industry and Trade on 3 July 2009 according to Establishment and Operating License No. 142/GP-NHNN dated 3 July 2009 issued by the State Bank of Vietnam and Business Registration No. 0103038874 dated 3 July 2009 issued by Hanoi Authority for Planning and Investment. The latest 11th amendment of Business Registration No. 0100111948 issued by Hanoi Authority for Planning and Investment was dated 1 November 2018.

The Bank was established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations or individuals; making short, medium and long-term loans and advances to organizations and individuals based on the nature and ability of the Bank's capital resources; conducting foreign exchange transactions, international trade finance services, discounting of commercial papers, bonds and other valuable papers, and providing other banking services as allowed by the State Bank of Vietnam.

Charter capital

As at 30 June 2019, the charter capital of the Bank is VND37,234,046 million (31 December 2018: VND37,234,046 million).

Location

The Bank's Head Office is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 30 June 2019, the Bank has one (1) Head Office; two (2) Local representative offices (in Da Nang and Ho Chi Minh City); nine (9) Administrative units include: one (1) School of Human Resource Development and Training; one (1) IT centre; one (1) Card centre; one (1) Trade finance centre; five (5) Cash management centres; one-hundred and fifty five (155) branches and seven (7) subsidiaries; foreign networks include: one (1) overseas representative office in Myanmar; two (2) branches in the Federal Republic of Germany, one (1) 100% owned bank in Lao People's Democratic Republic (Vietnam Joint Stock Commercial Bank for Industry and Trade in Laos).

Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

The members of the Board of Directors of the Bank during the period and at the date of the interim separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Mr. Le Duc Tho	Chairman (appointed for the term of 2014-2019 on 31 October 2018 by Resolution 568/NQ-HĐQT-NHCT1.2 dated 31 October 2018; appointed for the term of 2019-2024 on 23 April 2019 according to Resolution 118/NQ-HĐQT-NHCT1.2 dated 23 April 2019)
Mr. Tran Minh Binh	Member (additionally appointed for the term 2014-2019 on 8 December 2018 at Extraordinary General Meeting of Shareholders on 8 December 2018 by Resolution No. 19/NQ-DHDCD dated 8 December 2018; appointed to the Board of Directors for the term 2019-2024 on 23 April 2019 at Annual General Meeting of Shareholders 2019, 23 April 2019)
Ms. Tran Thu Huyen	Member (additionally appointed to the Board of Directors for the term of 2014-2019 on 24 July 2014; appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Hiroshi Yamaguchi	Member (additionally appointed to the Board of Directors for the term of 2014-2019 on 17 April 2017, appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Hideaki Takase	Member (additionally appointed to the Board of Directors for the term of 2014-2019 on 21 April 2017; appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Nguyen The Huan	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Ms. Pham Thi Thanh Hoai	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Tran Van Tan	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Cat Quang Duong	Member (resigned from 23 April 2019 at the 2019 Annual General Meeting of Shareholders, 23 April 2019)
Mr. Phung Khac Ke	Member (resigned from 23 April 2019 at the 2019 Annual General Meeting of Shareholders, 23 April 2019)

MANAGEMENT AND CHIEF ACCOUNTANT

The members of the Management and Chief Accountant of the Bank during the period and at the date of the interim separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Mr. Tran Minh Binh	General Director
Ms. Nguyen Hong Van	Deputy General Director
Mr. Nguyen Hoang Dung	Deputy General Director
Mr. Nguyen Duc Thanh	Deputy General Director
Mr. Tran Cong Quynh Lan	Deputy General Director
Mr. Nguyen Dinh Vinh	Deputy General Director
Ms. Le Nhu Hoa	Deputy General Director
Mr. Hiroshi Yamaguchi	Deputy General Director
Mr. Nguyen Hai Hung	Chief Accountant

Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION (continued)

SUPERVISORY BOARD

The members of the Supervisory Board of the Bank during the period and at the date of the interim separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Ms. Le Anh Ha	Chief Supervisor (appointed to the Supervisory Board for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019; appointed to the Head of the Bank's Supervisory Board for the term of 2019-2024 according to Resolution No. 01/NQ-BKS-2019 dated 23 April 2019)
Ms. Nguyen Thi Anh Thu	Member (appointed to the Supervisory Board for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Nguyen Manh Toan	Member (appointed to the Supervisory Board for the term 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Nguyen The Huan	Chief Supervisor (resigned from 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Ms. Pham Thi Thom	Member (resigned from 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Tran Minh Duc	Member (resigned from 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)

LEGAL REPRESENTATIVE

The legal representative of the Bank during the six-month period ended 30 June 2019 and at the date of the interim separate financial statements is Mr. Le Duc Tho - the Chairman.

Ms. Nguyen Hong Van - Deputy General Director is authorized by Mr. Le Duc Tho to sign the accompanying interim separate financial statements for the six-month period ended 30 June 2019 in accordance with the Letter of Authorization No. 1151/UQ-HDQT-NHCT18 dated 18 December 2018.

AUDITORS

The auditor of the Bank is Ernst & Young Vietnam Limited.

Vietnam Joint Stock Commercial Bank for Industry and Trade

REPORT OF MANAGEMENT

Management of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") is pleased to present this report and the interim separate financial statements of the Bank as at 30 June 2019 and for the six-month period then ended.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

Management is responsible for the interim separate financial statements which give a true and fair view of the interim separate financial position of the Bank, the interim separate results of its operations and its interim separate cash flows for the period. In preparing these interim separate 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 interim separate financial statements; and
- ▶ prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

Management of the Bank is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim separate financial position of the Bank and to ensure that the accounting records comply with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the financial statements. Management is also responsible for safeguarding the assets of the Bank 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 interim separate financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Bank as at 30 June 2019, the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the interim separate financial statements.

For and on behalf of management



Mr. Tran Minh Binh
General Director

Hanoi, Vietnam

14 August 2019



Ernst & Young Vietnam Limited
8th Floor, CornerStone Building
16 Phan Chu Trinh Street
Hoan Kiem District
Hanoi, S.R. of Vietnam

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Reference: 60755043/20827148-BNRL

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim separate financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank"), as prepared on 14 August 2019 and set out on pages 7 to 58, which comprise the interim separate balance sheet as at 30 June 2019, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended and the notes thereto.

Management's responsibility

Management of the Bank is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the interim separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of interim separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on the interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view, in all material respects, of the interim separate financial position of the Bank as at 30 June 2019, and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the interim separate financial statements.



Ernst & Young Vietnam Limited


Dang Phương Ha
Deputy General Director
Audit Practising Registration
Certificate No. 2400-2018-004-1

Hanoi, Vietnam

14 August 2019

INTERIM SEPARATE BALANCE SHEET
as at 30 June 2019

	<i>Notes</i>	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
ASSETS			
Cash, gold and gemstones		7,317,739	6,911,704
Balances with the State Bank of Vietnam		31,797,910	23,167,119
Placements with and loans to other credit institutions		120,437,532	131,359,620
Placements with other credit institutions		115,960,264	126,352,454
Loans to other credit institutions		4,477,268	5,007,166
Provision for credit losses on loans to other credit institutions		-	-
Securities held for trading	5	6,754,487	1,851,263
Securities held for trading		6,754,487	1,851,263
Provision for securities held for trading		-	-
Derivatives and other financial assets	6	275,014	281,166
Loans to customers		863,896,155	843,154,235
Loans to customers	7	876,733,417	855,912,638
Provision for credit losses on loans to customers	8	(12,837,262)	(12,758,403)
Investment securities	9	91,995,001	100,572,703
Available-for-sale securities	9.1	82,153,768	87,243,509
Held-to-maturity investments	9.2	16,013,551	16,013,551
Provision for investment securities		(6,172,318)	(2,684,357)
Long-term investments	10	6,201,782	6,449,775
Investments in subsidiaries	10.1	4,490,032	4,590,032
Investments in joint ventures	10.2	1,688,788	1,688,788
Other long-term investments		22,962	170,955
Provision for long-term investments		-	-
Fixed assets		10,140,599	10,739,189
Tangible fixed assets		5,804,173	6,088,666
Cost		13,753,901	13,704,944
Accumulated depreciation		(7,949,728)	(7,616,278)
Intangible fixed assets		4,336,426	4,650,523
Cost		5,912,586	6,125,777
Accumulated amortization		(1,576,160)	(1,475,254)
Other assets		33,902,772	30,318,087
Receivables	11.1	24,305,835	20,546,824
Accrued interest and fee receivables		6,747,134	6,744,794
Other assets	11.2	2,849,961	3,026,627
Provision for other assets		(158)	(158)
TOTAL ASSETS		1,172,718,991	1,154,804,861

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2019

	<i>Notes</i>	<i>30 June 2019 VND million</i>	<i>31 December 2018 VND million</i>
LIABILITIES			
Due to the Government and the State Bank of Vietnam	12	71,482,368	62,600,159
Deposits and borrowings from other credit institutions		93,646,888	108,751,130
Deposits from other credit institutions	13.1	79,314,777	72,059,742
Borrowings from other credit institutions	13.2	14,332,111	36,691,388
Customer deposits	14	844,738,808	824,345,711
Other borrowed and entrusted funds		5,901,876	5,934,029
Valuable papers issued	15	59,466,363	46,016,359
Other liabilities		27,984,745	41,996,881
Interest and fee payables		15,647,121	15,701,863
Other payables	16	12,337,624	26,295,018
TOTAL LIABILITIES		1,103,221,048	1,089,644,269
OWNERS' EQUITY			
Capital		46,203,873	46,203,873
- Charter capital		37,234,046	37,234,046
- Share premium		8,969,827	8,969,827
Reserves		7,828,895	7,828,895
Undistributed profits		15,465,175	11,127,824
TOTAL OWNERS' EQUITY	18	69,497,943	65,160,592
TOTAL LIABILITIES AND OWNERS' EQUITY		1,172,718,991	1,154,804,861

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2019

OFF-BALANCE SHEET ITEMS

	<u>30 June 2019</u> VND million	<u>31 December 2018</u> VND million
Credit guarantees		
Foreign exchange commitments		
- Foreign exchange commitments - buy	1,909,156	3,058,616
- Foreign exchange commitments - sell	195,771,902	167,327,100
- Currency swap contracts	2,775,229	2,507,667
Letters of credit	2,996,770	2,724,166
Other guarantees	189,999,903	162,095,267
Other commitments	56,343,604	52,923,328
	51,258,840	57,526,733
	19,413,365	37,414,889

Prepared by:



Ms. Le Viet Nga
Deputy Head of Financial
Accounting Management
Department

Reviewed by:



Mr. Nguyen Hai Hung
Chief Accountant

Approved by:



Ms. Nguyen Hong Van
Deputy General Director

Hanoi, Vietnam

14 August 2019

INTERIM SEPARATE INCOME STATEMENT
for the six-month period ended 30 June 2019

	Notes	For the six-month period ended 30 June 2019 VND million	For the six-month period ended 30 June 2018 VND million
Interest and similar income	19	39,503,530	35,672,432
Interest and similar expenses	20	(23,673,900)	(21,600,569)
Net interest and similar income		15,829,630	14,071,863
Fee and commission income		2,635,155	1,919,274
Fee and commission expenses		(991,165)	(926,445)
Net fee and commission income		1,643,990	992,829
Net gain from trading of foreign currencies		773,516	339,242
Net gain from securities held for trading	21.1	133,560	237,980
Net (loss)/gain from investment securities	21.2	(243,237)	129,898
Other income		743,906	1,165,268
Other expenses		(310,697)	(434,246)
Net gain from other activities		433,209	731,022
Income from investments in other entities	22	659,512	416,741
TOTAL OPERATING EXPENSES	23	(6,585,292)	(6,911,613)
Net profit before provision for credit losses		12,644,888	10,007,962
Provision expense for credit losses		(7,359,883)	(4,901,943)
PROFIT BEFORE TAX		5,285,005	5,106,019
Current corporate income tax expense	17.1	(959,454)	(936,332)
Corporate income tax expense		(959,454)	(936,332)
PROFIT AFTER TAX		4,325,551	4,169,687

Prepared by:



Ms. Le Viet Nga
Deputy Head of Financial
Accounting Management
Department

Reviewed by:



Mr. Nguyen Hai Hung
Chief Accountant

Approved by:



Ms. Nguyen Hong Van
Deputy General Director

Hanoi, Vietnam

14 August 2019

Vietnam Joint Stock Commercial Bank for Industry and Trade B04a/TCTD

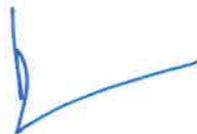
INTERIM SEPARATE CASH FLOW STATEMENT
for the six-month period ended 30 June 2019

	<i>Notes</i>	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		39,537,028	35,705,564
Interest and similar payments		(23,741,887)	(19,705,813)
Net fee and commission receipts		1,677,321	992,264
Net payments from dealing in foreign currencies, gold and securities trading activities		918,069	707,120
Other expenses		(49,083)	(15,634)
Recoveries from bad debts written-off previously		443,249	782,497
Payments for operating and salary expenses		(6,545,335)	(7,663,434)
Corporate income tax paid during the period	17.1	(401,650)	(728,031)
Net cash flows from operating profit before changes in operating assets and liabilities		11,837,712	10,074,533
Changes in operating assets		(27,138,162)	(75,451,391)
Decrease/(Increase) in deposits at and loans to other credit institutions		529,898	(12,158,677)
Decrease in trading securities		186,517	18,918,009
Decrease in derivatives and other financial assets		6,152	528,762
Increase in loans to customers		(20,820,779)	(75,937,084)
Utilization of provision to write off loans to customers, securities, long-term investments and other receivables		(4,047,293)	(2,636,619)
Increase in other assets		(2,992,657)	(4,165,782)
Changes in operating liabilities		13,094,364	38,278,872
Increase in due to the Government and the SBV		8,882,209	34,969,550
Decrease in deposits and borrowings from other credit institutions		(15,104,242)	(30,260,118)
Increase in customers deposits		20,393,097	99,175,681
Increase in valuable papers issued (except for valuable papers issued for financing activities)		13,450,004	8,415,110
(Decrease)/increase in other borrowed and entrusted funds		(32,153)	180,963
Increase in derivatives and other financial liabilities		-	98,116
Decrease in other liabilities		(14,494,551)	(74,300,430)
Payments from credit institution's fund		-	-
Net cash flows (used in) operating activities		(2,206,086)	(27,097,986)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(75,385)	(369,765)
Proceeds from disposal of fixed assets		238,144	2,228
Payments for disposal of fixed assets		(219,254)	(4,584)
Proceeds from investments in other entities (Sale, liquidation of subsidiaries, capital contribution to joint ventures, other long-term investments)		404,905	-
Dividends and profits received from long-term investments and capital contribution		502,600	416,741
Net cash flows from investing activities		851,010	44,620

INTERIM SEPARATE CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2019

<i>Notes</i>	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flows from financing activities	-	-
Net cash flows for the period	(1,355,076)	(27,053,366)
Cash and cash equivalents at the beginning of the period	156,431,277	132,496,563
Impact of exchange rate fluctuation	(288)	104
Cash and cash equivalents at the end of the period	24 155,075,913	105,443,301

Prepared by:



Ms. Le Viet Nga
Deputy Head of Financial
Accounting Management
Department

Reviewed by:



Mr. Nguyen Hai Hung
Chief Accountant

Approved by:



Ms. Nguyen Hong Van
Deputy General Director

Hanoi, Vietnam

14 August 2019

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
as at 30 June 2019 and for the six-month period then ended

1. GENERAL INFORMATION

Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank" or "VietinBank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

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Location

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Employees

The Bank has 22,164 employees as at 30 June 2019 (31 December 2018: 22,618 employees).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

1. GENERAL INFORMATION (continued)

Subsidiaries

As at 30 June 2019, the Bank has seven (7) directly owned subsidiary companies and one (1) subsidiary bank as follows:

<i>Subsidiaries</i>	<i>Operating licence</i>	<i>Nature of business</i>	<i>Ownership</i>
VietinBank Leasing Company Ltd	Business Registration No. 0101047075 dated 31 August 2009 granted by Hanoi Authority for Planning and Investment	Financial leasing	100%
VietinBank Securities JSC	Establishment and Operating License No. 107/UBCK - GP dated 1 July 2009 granted by State Securities Commission	Security market	75.6%
VietinBank Debt Management and Asset Exploitation Company Ltd	Business Registration No. 0302077030/GP dated 20 July 2010 granted by Department of Planning and Investment of Ho Chi Minh City	Asset management	100%
VietinBank Insurance Joint Stock Corporation	Establishment and Operating License No. 21/GP-KDBH dated 12 December 2002 granted by the Ministry of Finance and Amended License No. 21/GPDC23/KDBH dated 2 November 2017 granted by the Ministry of Finance	Non-life insurance	73.4%
VietinBank Gold & Jewellery Trading Company Ltd	Business Registration No. 0105011873/GP dated 25 November 2010 granted by Hanoi Authority for Planning and Investment	Gold, gold manipulation	100%
VietinBank Fund Management Company Ltd	Establishment and Operating License No. 50/UBCK-GP dated 26 October 2010 granted by State Security Commission and No. 05/GPDC-UBCK dated 23 March 2011	Fund management	100%
VietinBank Global Money Transfer Company Ltd	Business Registration No. 0105757686 dated 3 January 2012 granted by Hanoi Authority for Planning and Investment	Monetary transfer intermediary	100%
VietinBank Lao Limited	Business Registration No. 068/NHCHDCNDL dated 8 July 2015 granted by Lao DPR Central Bank	Finance and Banking	100%

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 Accounting period

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

The Bank's interim period starts on 1 January and ends on 30 June each year.

2.2 Accounting currency

Currency used in preparation of financial statements of the Bank is Vietnam dong ("VND"). For the purpose of preparing the interim separate financial statements as at 30 June 2019, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers' view of the interim separate financial position, the interim separate income statement and the interim separate cash flows.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 Statement of compliance

Management of the Bank confirms that the accompanying interim separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the interim separate financial statements.

3.2 Accounting standards and system

The interim separate financial statements of the Bank are prepared in accordance with the Accounting System applicable to credit institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004 and Circular No. 10/2014/TT-NHNN dated 20 March 2014 amending and supplementing Decision No. 479/2004/QD-NHNN, Decision No. 16/2007/QD-NHNN dated 18 April 2007, Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN and the chart of account system applicable to credit institutions issued in connection with Decision No. 479/2004/QD-NHNN by the Governor of the State Bank of Vietnam and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series No.1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No. 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series No.5).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.2 Accounting standards and system (continued)

The accompanying interim separate financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying interim separate financial statements and their utilization 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 interim separate financial position and results of interim separate operations and interim separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

The Bank prepares interim separate financial statements to reflect the Bank's own operations. Simultaneously, the Bank also prepares interim consolidated financial statements to reflect the operations of the Bank and its subsidiaries in accordance with *Vietnamese Accounting Standard No. 25 - Consolidated financial statements and accounting for investments in subsidiaries*. Those who use the interim separate financial statements need to read the accompanying interim separate financial statements with the interim consolidated financial statements of the Bank and its subsidiaries for the six-month accounting period ended 30 June 2019 in order to obtain full information on the interim consolidated financial position, the interim consolidated results of operations and interim consolidated cash flows of the Bank and its subsidiaries.

Items or balances required by Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV regarding the financial reporting mechanism for credit institutions that are not shown in these interim separate financial statements indicate nil balance.

3.3 Assumptions and uses of estimates

The preparation of the interim separate financial statements requires the Management of the Bank to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the resultant provisions. The actual results may differ from such estimates and assumptions.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Bank in preparation of the interim separate financial statements are consistent with those followed in the preparation of the Bank's separate financial statements for the year ended 31 December 2018 and the interim separate financial statement for the six-month period ended 30 June 2018.

4.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, balance with the SBV, demand deposits and placements with other credit institutions with an original maturity of three months or less from the transaction date, Government treasury bills and other short-term valuable papers eligible for rediscount with the SBV, securities with recovery or maturity of three months or less from date of purchase which are convertible into a known amount of cash and do not bear liquidity risk as at the reporting date.

4.3 *Placements with and loans to other credit institutions*

Placements with and loans to other credit institutions are presented at the outstanding principal amounts at the end of the period.

Placements with and loans to other credit institutions are classified and provided for allowance in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 ("Circular 02") regulating classification of assets, levels and method of setting up of risk provisions, and use of provisions against credit risks in the banking activity of credit institutions, foreign banks' branches and Circular No. 09/2014/TT-NHNN dated 18 March 2014 ("Circular 09") amending, supplementing a number of Articles of the Circular 02.

Accordingly, the Bank makes a specific provision for placements with (except for current accounts) and loans to other credit institutions according to the method as described in *Note 4.5*.

According to Circular 02, the Bank is not required to make a general provision for placements with and loans to other credit institutions.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Loans to customers

Loans to customers are presented at the outstanding principal amounts at the end of the period.

Provision for credit losses of loans to customers is accounted and presented in a separate line in the interim separate balance sheet.

Short-term loans have maturity of less than one year from disbursement date. Medium-term loans have maturity from one to five years from disbursement date. Long-term loans have maturity of more than five years from disbursement date.

Loan classification and provision for credit losses are made according to Circular 02 and Circular 09 as presented in *Note 4.5*.

4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank

Loan classification

The classification of placements with and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers and entrustments for credit granting (collectively called "debts") is made using both the quantitative and qualitative methods as regulated under Article 10 and Article 11 of Circular 02. In case the classification results under Articles 10 and 11 are not the same, the debts must be classified into the higher risk group.

Since 1 January 2015, credit institutions, foreign bank branches have been required to use the updated information from Credit Information Centre (CIC) about the loan group of customers at the time of loan classification to adjust the classification group of loans and off-balance sheet items.

Accordingly, debts are classified based on risk level as follows: *Current*, *Special Mention*, *Sub-standard*, *Doubtful* and *Loss*. Loans which are classified as *Sub-standard*, *Doubtful* and *Loss* are non-performing loans.

Specific provision

Specific provision as at 30 June 2019 is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the loan classification results as at 30 June 2019.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank (continued)

Specific provision (continued)

The specific provision rates for each group are presented as follows:

Group		Loan classification using the quantitative method	Loan classification using the qualitative method	Provision rate
1	Current	(a) Standard debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	Debts are assessed as fully and timely recoverable for both principals and interests.	0%
2	Special mention	(a) Debts are overdue for a period between 10 days and 90 days; or (b) Debts which the repayment terms are restructured for the first time.	Debts are assessed as fully recoverable for both principals and interests but there is a sign that customers decline ability to pay for the debt.	5%
3	Sub-standard	(a) Debts are overdue for a period between 91 days and 180 days; or (b) Debts which the repayment terms are extended for the first time; or (c) Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: <ul style="list-style-type: none"> - Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or - Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or - Debts made in compliance with Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions.	Debts are assessed as not fully recoverable for both principals and interests when due, have possibility to make losses.	20%

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
 as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank* (continued)

Specific provision (continued)

Group		Loan classification using the quantitative method	Loan classification using the qualitative method	Provision rate
4	Doubtful	(a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time; or (d) Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions.	Debts are assessed as having ability to make high losses.	50%
5	Loss	(a) Debts are overdue for a period of more than 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or (e) Debts are specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches which capital and assets are blocked.	Debts are assessed as not recoverable, capital loss.	100%

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank* (continued)

Specific provision (continued)

Where a customer has more than one debt with the Bank and any of the outstanding debts is classified into a higher risk group, the Bank has to classify the entire remaining debts of that customer into the corresponding higher risk group.

When the Bank participates in a syndicated loan as a participant, it classifies loans (including syndicated loans) of the customer into the higher risk group assessed by the leading bank and by the Bank.

For loans in agricultural and rural areas, the Bank is allowed to restructure debt and remain the debt group in accordance with Circular No. 10/2015/TT-NHNN dated 22 July 2015 guiding the implementation of a number of contents of Decree No. 55/2015/ND-CP dated 9 June 2015 issued by the Government on credit policies supporting agricultural and rural development.

The basis for determination of the value and discounted value for each type of collateral is specified in Circular 02 and Circular 09 amending and supplementing a number of articles of Circular 02.

General provision

General provision as at 30 June 2019 is made at 0.75% of total outstanding loans excluding placements with and loans to other credit institutions and loans classified as loss (group 5) as at 30 June 2019.

Write-off bad debts

Provisions are recognized as expenses on the interim separate income statement and used to write-off bad debt. According to Circular 02, the Bank establishes a Risk Management Committee to deal with bad debts if they are classified in Group 5 or if the borrower is a dissolved, bankrupt organization or individual who is dead or missing.

4.6 *Securities held for trading*

Securities held for trading include debt securities, equity securities and other securities acquired and held for the purpose of reselling within one year to gain profit on price variances.

Securities held for trading are initially recognized at the cost of acquisition and subsequently measured at the lower of the book value and the market value. Gains or losses from sales of trading securities are recognized in the interim separate income statement.

Interest and dividends derived from securities held for trading are recognized on a cash basis in the interim separate income statement upon actual receipt.

Provision for impairment of securities held for trading is recorded when their book value is higher than their market value as stipulated in Circular No. 228/2009/TT-BTC ("Circular 228") dated 7 December 2009 issued by the Ministry of Finance and Circular No. 89/2013/TT-BTC ("Circular 89") dated 28 June 2013. In case the market values of the securities cannot be determined, no provision is made. Provision for impairment is recognized in the interim separate income statement as "*Net gain/(loss) from securities held for trading*".

Provision for credit losses of corporate bonds, which are not listed on the stock market or not registered on the unlisted public companies market, is made in accordance with Circular 02 and Circular 09 as described in Note 4.5.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment securities*

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

4.7.1 *Available-for-sale securities*

Available-for-sale securities include debt securities and equity securities that are acquired by the Bank for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank is also neither the founder shareholder nor the strategic partner and does not have the ability to make certain influence in establishing and making the financial and operating policies of the investees through a written agreement on assignment of its personnel to the Board of Directors/Management.

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods.

Available-for-sale debt securities are recognized at par value at the purchase date. Accrued interest (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) is recognized in a separate account. Discount/premium, which is the difference between the cost and the amount being the par value plus (+) accrued interest (if any) or minus (-) deferred interest (if any) is also recognized in a separate account.

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the interim separate income statement on a straight-line basis over the remaining term of securities. The interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest; cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. The interest received in advance is amortized into the securities investment interest income on a straight-line basis over the term of securities investment.

Available-for-sale securities are subject to impairment review on a periodical basis.

Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular 228 and Circular 89. In case market prices of securities are not available or cannot be determined reliably, no provision is required. Provision is recognized in the "*Net gain/(loss) from investment securities*" account of the interim separate income statement.

Provision for credit losses of corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 as described in *Note 4.5*.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment securities* (continued)

4.7.2 *Held-to-maturity investment securities*

Held-to-maturity investment securities include special bonds issued by Vietnam Asset Management Company ("VAMC") and other held-to-maturity securities.

Special bonds issued by VAMC

Special bonds issued by VAMC are fixed-term valuable papers used to purchase bad debts of the Bank. These special bonds are initially recognized at face value at the date of transaction and subsequently carried at the face value during the holding period. Face value of the bonds equals the outstanding balance of the sold debts less their unused specific allowance.

During the holding period, the Bank annually calculates and makes allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 issued by the SBV amending and supplementing a number of articles of Circular No. 19/2013/TT-NHNN stipulating purchase, sale and bad debt written-off of VAMC.

In accordance with Circular No. 14/2015/TT-NHNN, each year within 5 consecutive working days prior to the maturity date of special bonds, the Bank is obliged to fully make specific provision for each special bond using the below formula:

$$X_{(m)} = \frac{Y}{n} \times m - (Z_m + X_{m-1})$$

In which:

- $X_{(m)}$: minimum provision for special bonds in the m^{th} year;
- X_{m-1} : accumulated specific provision for special bonds in the $m-1^{\text{th}}$ year;
- Y : face value of special bonds;
- n : term of special bonds (years);
- m : number of years from the bond issuance date to the provision date;
- Z_m : accumulated bad debt recoveries at the provision date (m^{th} year). Credit institutions should co-operate with VAMC to determine the recovery of the bad debts.

If $(Z_m + X_{m-1}) \geq (Y/n \times m)$, the specific provision ($X_{(m)}$) will be zero (0).

Specific provision for special bonds is recognized in the interim separate income statement in "Provision expense for credit losses". General provision is not required for the special bonds.

Other held-to-maturity securities

Held-to-maturity securities are debt securities purchased by the Bank for the investment purpose of earning interest and the Bank has the capability and intention to hold these investments until maturity. Held-to-maturity securities have the determined value and maturity date. In case the securities are sold before the maturity date, the remaining portfolio of these securities will be reclassified to securities held for trading or available-for-sale securities.

Held-to-maturity securities are recorded and measured identical to debt securities available-for-sale and presented at Note 4.7.1.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 *Investment in subsidiaries*

Investments in subsidiaries controlled by the Bank are recognized by the cost method in the interim separate financial statement. Distributions of profit received from accumulated profit of subsidiaries subsequent to the control date are recorded in the interim separate income statement of the Bank.

Provisions for impairment of investments in subsidiaries are made for each impaired investment and are subject to revision at the end of accounting period. Provision for investments in subsidiaries is made when the investments are impaired due to the losses incurred by subsidiaries. Increase or decrease of provision balance is recognized in "Total operating expenses" in the interim separate income statement.

4.9 *Joint venture*

Investments in joint ventures whereby the Bank is subject to joint control are initially stated at cost.

Distributions from net accumulated profit of joint ventures after the date on which control is transferred to the Bank is recognized in the interim separate income statement. Other distributions are considered as recoveries of investments and deducted from the investment value.

4.10 *Other long-term investments*

Other long-term investments are investments in other entities in which the Bank holds less than 11% of voting rights and the Bank is the founding shareholder; or strategic partner; or the Bank can have certain influence on the entity's financial and operational policies under written agreement on delegating its representatives to take part in the Board of Director/Management. These investments are initially recorded at cost at the investment date.

For securities which are not listed but are registered for trading on unlisted public company market (UpCom), provision for diminution in value is made when their registered price for trading is lower than the carrying value of the securities at the end of accounting period.

In other cases, provision for diminution in the value of investment is made when the investee suffers loss, except that such loss had been forecasted in the investee's business plan before the investment was made. Provision for diminution in the value of investment is made using the below formula:

$$\text{Provision for diminution in value of each investment} = \left(\text{Total invested amount of all parties in the entity} - \text{Owners' equity of the entity} \right) \times \frac{\text{Invested amount of each party}}{\text{Total invested amount of all parties in the entity}}$$

Provision is reversed when the recoverable amount of the investment increases after the provision is made. Provision is reversed up to the gross value of the investment before the provision is made.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 *Re-purchase and re-sale contracts*

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

Securities purchased under agreements to resell at a specific date in the future are not recognized in the interim separate financial statements. The corresponding cash paid under these agreements is recognized as a loan in the interim separate balance sheet and the difference between the purchase price and resale price is amortized in the separate income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

4.12 *Fixed assets*

Fixed assets are stated at cost less accumulated depreciation or amortization.

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.

Costs related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the interim separate income statement.

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

4.13 *Depreciation and amortization*

Depreciation and amortization of fixed assets are calculated on a straight-line basis over the estimated useful lives of these assets as follows:

Buildings and construction	5 - 40 years
Machine and equipment	3 - 7 years
Transportation vehicles	6 - 7 years
Other tangible fixed assets	4 - 25 years
Land use rights (*)	Upon lease term
Computer software	3 - 8 years

(*) Indefinite land use rights are not depreciated. Definite land use rights are depreciated over the lease or usage term.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Receivables

4.14.1 Receivables classified as credit bearing assets

Receivables classified as credit bearing assets are recognized at cost. Doubtful receivables are classified and provided for allowance by the Bank in accordance with the regulations on recognition and use of provision to write off the credit risk as presented in *Note 4.5*.

4.14.2 Other receivables

Receivables other than receivables from credit activities of the Bank are initially recorded at cost and always carried at cost subsequently.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are not due for payment yet, however, the corporate debtors have bankruptcy or are in the process of dissolution, or of individual debtors who are missing, escaped, deceased, prosecuted, on trial or under execution of criminal judgement by legal authority. Provision expense incurred is recorded in "*Total operating expenses*" of the interim separate income statement.

Provision for overdue debts is made in accordance with Circular 228 as follows:

<u>Overdue status</u>	<u>Allowance rate</u>
From over six months up to one year	30%
From one to under two years	50%
From two to under three years	70%
From three years and above	100%

4.15 Prepaid expenses and deferred expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim separate balance sheet and amortized over the period for which the amount is paid or the period in which economic benefit is generated in relation to these expenses.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Recognition of income and expense

4.16.1 Interest income and expenses

Interest income and expenses are recognized in the interim separate income statement on an accrual basis using the nominal interest rates. The recognition of accrued interest income of a loan is suspended when such loan is classified in groups 2 to 5 in compliance with Circular 02. Suspended interest income is reversed and monitored off-balance sheet and recognized in the interim separate income statement upon actual receipt.

Fees and commissions are recognized on an accrual basis. Fees from guarantee, letter of credit, investment activities (bonds, ...) are recognized on an accrual/amortization basis.

4.16.2 Income from securities trading

Income from securities trading is recognized based on differences between selling price and cost of securities sold.

4.16.3 Income from other services

When the result of the contract is definitely determined, income is recognized based on the completion of work or service. If the result of the contract is not determined, income is only recognized to the extent of recoverable amount of expenses incurred.

4.16.4 Recognition of receivables from accrued income not yet collected

According to Circular No. 16/2018/TT-BTC dated 7 February 2018 issued by the Ministry of Finance, receivables from accrued income but not yet collected at the due date are recorded as reduction in revenue if the income has been accrued in the same accounting period or recorded as expense if the income has been accrued in different accounting periods and monitored in off-balance sheet. Upon actual receipt of these receivables, the Bank recognizes in income from operating activities in the interim separate income statement.

4.17 Deposits from other credit institutions, customers and valuable papers issued

Deposits from other credit institutions, customer deposits and valuable papers issued are disclosed at the principal amounts outstanding at the end of the period.

4.18 Foreign currency transactions

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the interim separate balance sheet date (*Note 32*). Income and expenses arising in foreign currencies during the period are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and monitored in the "*Foreign exchange differences*" under "*Owners' equity*" in the interim separate balance sheet and will be transferred to the interim separate income statement.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Payables and accruals

Payables and accruals are recognized for amounts to be paid in the future for goods and services received, whether or not billed to the Bank.

4.20 Corporate income taxes

Current income tax

Current 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 – using the tax rates and tax laws are applied and enacted at the interim separate balance sheet date.

Current income tax is charged or credited to the interim separate income statement except when it relates to items recognized directly to equity, in this case the current income tax is also recognized in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Bank to offset current tax assets against current tax liabilities and when the Bank intends to settle its current tax assets and liabilities on a net basis.

The Bank's tax reports are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions that is susceptible to various interpretations, amounts reported in the interim separate financial statements could be changed at a later date upon final determination of the tax authorities.

Deferred tax

Deferred tax is provided on temporary differences at the interim separate balance sheet date between the tax base of assets and liabilities and their carrying amount for the financial reporting purposes.

Deferred tax payables are recognized for temporary taxable differences.

Deferred tax assets are recognized for deductible temporary differences, deductible amounts carried over to subsequent years of taxable losses, and unused tax credits when it is probable that there will be sufficient future taxable profit to use deductible temporary differences, taxable losses and tax credits. Deferred tax assets and deferred tax payable are determined on the basis of expected tax rates applied for the six-month accounting period when the assets are recovered or liabilities are settled and on basis of effective an applicable tax rates and tax laws at the end of accounting period.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 *Classification for off-balance-sheet commitments*

According to Circular 02, credit institutions should classify guarantees, payment acceptances and irrevocable loan commitments with specific effective date (generally called “*off-balance sheet commitments*”) in compliance with Article 10, Circular 02 for management and monitoring of credit quality. Off-balance sheet commitments are classified into groups which are *Current, Special Mention, Substandard, Doubtful* and *Loss* based on the overdue status and other qualitative factors.

4.22 *Derivatives*

The Bank involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, modify or minimize foreign exchange risk or other market risks, and also for the business purpose of the Bank.

Currency forward contracts

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognized at nominal value at the transaction date and are revalued for the reporting purpose at the exchange rate at the reporting date. Gains or losses realized or unrealized are recognized in the “*Foreign exchange differences*” under “*Owners’ equity*” in the interim separate balance sheet and will be transferred to the interim separate income statement at the end of the financial period.

Swap contracts

The swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on the notional principal amount or commitments to settle interest based on a floating rate or a fixed rate calculated on the notional amount and in a given period.

The currency swap contracts are revalued periodically. Gains or losses realized or unrealized are recognized in the “*Foreign exchange differences*” under “*Owners’ equity*” in the interim separate balance sheet and will be transferred to the interim separate income statement at the end of the financial period.

Differences in interest rate swaps are recognized in the interim separate income statement on an accrual basis.

4.23 *Employee benefits*

4.23.1 *Post - employment benefits*

The employees at the Bank shall be entitled to receive allowance from the Social Insurance Fund upon retirement and shall be subsidized by the Bank for 02 months based on additional salary by the job position attached to the KPIs on an average of the latest six - month period before retirement.

Under the Bank’s labor reorganization policy, the employees at the Bank of early retirement are entitled to receive allowance equal to a half of the basic salary for social insurance for one year (12 months) of work and by a half of a month’s basic salary for social insurance for each month of retirement before the age (not exceeding 48 months of retirement before the age).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Employee benefits (continued)

4.23.2 Voluntary resignation benefits

Under Section 48 of the Vietnam Labour Code 10/2012/QH13 effective from 1 May 2013, the employee working at the Bank when terminating the labour contract with the Bank in accordance with the law and the Bank is entitled to receive allowance equal to a half month's salary for each year of employment (12 months) up to 31 December 2008. The average monthly salary used in this calculation is the average salary under the labour contract of the latest six – month period up to the resignation date.

4.23.3 Unemployment insurance

According to Circular No. 28/2015/TT-BLĐTBXH on guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government on guidelines for the Law on Employment in term of unemployment insurance, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance.

4.24 Capital and reserves

4.24.1 Ordinary shares

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

4.24.2 Share premium

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

4.24.3 Reserves

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

- ▶ Supplementary charter capital reserve: 5% of net profit after tax and does not exceed charter capital;
- ▶ Financial reserve: 10% of net profit after tax;
- ▶ Bonus to Management, bonus and welfare funds are appropriated according to the decision approved in the General Meeting of Shareholders;
- ▶ Other reserves: are to be made upon the current regulations and decisions of the Annual General Shareholders' Meeting.

4.25 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the interim separate 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 realize the asset and settle the liability simultaneously.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

5. SECURITIES HELD FOR TRADING

	<i>30 June 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
Debt securities		
Government bonds	6,537,689	1,276,084
Bonds issued by other domestic credit institutions	216,798	575,179
Provision for securities held for trading	-	-
	6,754,487	1,851,263

6. DERIVATIVES AND OTHER FINANCIAL ASSETS

	<i>30 June 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
Currency derivative contracts	224,274	195,848
Currency forward contracts	(15,997)	(79,987)
Currency swap contracts	240,271	275,835
Other derivative financial instruments	50,740	85,318
Interest rate swaps	50,740	85,318
	275,014	281,166

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
 as at 30 June 2019 and for the six-month period then ended

7. LOANS TO CUSTOMERS

	<i>30 June 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
Loans to domestic economic entities and individuals	872,169,581	851,138,265
Discounted bills and valuable papers	1,191,732	1,026,188
Payments on behalf of customers	47,601	96,054
Loans financed by entrusted funds	389,066	452,354
Loans to foreign economic entities and individuals	2,935,437	3,199,777
	876,733,417	855,912,638

7.1 Analysis of loan portfolio by quality

	<i>30 June 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
Current	856,612,539	837,084,784
Special mention	7,234,575	5,192,479
Substandard	1,782,461	2,128,304
Doubtful	3,624,493	2,053,072
Loss	7,479,349	9,453,999
	876,733,417	855,912,638

7.2 Analysis of loan portfolio by original maturity

	<i>30 June 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
Short term loans	497,154,834	484,073,046
Medium term loans	62,431,460	68,177,014
Long term loans	317,147,123	303,662,578
	876,733,417	855,912,638

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

8. PROVISION FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movement in provision for credit losses on loans to customers during the six-month period ended 30 June 2019 are as follows:

	<i>General provision VND million</i>	<i>Specific provision VND million</i>	<i>Total VND million</i>
Opening balance as at 1 January 2019	6,553,890	6,204,513	12,758,403
Provision charged/(reversed) in the period	(48,941)	4,175,093	4,126,152
Provision used to write-off bad debts	-	(4,047,293)	(4,047,293)
Closing balance as at 30 June 2019	<u>6,504,949</u>	<u>6,332,313</u>	<u>12,837,262</u>

Movement in provision for credit losses on loans to customers during the six-month period ended 30 June 2018 are as follows:

	<i>General provision VND million</i>	<i>Specific provision VND million</i>	<i>Total VND million</i>
Opening balance as at 1 January 2018	5,760,739	2,327,122	8,087,861
Provision charged in the period	606,988	3,733,783	4,340,771
Provision used to write-off bad debts	-	(184,294)	(184,294)
Closing balance as at 30 June 2018	<u>6,367,727</u>	<u>5,876,611</u>	<u>12,244,338</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
 as at 30 June 2019 and for the six-month period then ended

9. INVESTMENT SECURITIES
9.1 Available-for-sale securities

	30 June 2019 VND million	31 December 2018 VND million
Debt securities	81,777,153	86,844,607
Government bonds	37,258,259	41,709,054
Bonds issued by domestic credit institutions	26,412,256	23,629,095
Bonds issued by domestic economic entities	18,106,638	21,506,458
Equity securities	376,615	398,902
Equity securities issued by domestic economic entities	376,615	398,902
Provision for available-for-sale securities	(705,686)	(451,456)
Provision for diminution in value	(162,339)	(117,473)
General provision	(290,539)	(333,983)
Specific provision	(252,808)	-
	81,448,082	86,792,053

9.2 Held-to-maturity securities

	30 June 2019 VND million	31 December 2018 VND million
Face value of held-to-maturity securities	16,013,551	16,013,551
Provisions for held-to-maturity securities	(5,466,632)	(2,232,901)
	10,546,919	13,780,650

9.3 Unlisted corporate bonds are classified and made provision according to Circular 02

The Bank classified debts as at 30 June 2019 and made corresponding provision for unlisted corporate bonds in accordance with Circular 02 and Circular 09. Accordingly, provision for credit losses as at 30 June 2019 is made based on unlisted corporate bonds classification result as at 30 June 2019.

The classification and provision for credit losses of unlisted corporate bonds in accordance with Circular 02 and Circular 09 as at 30 June 2019 are as follows:

<u>Classification</u>	<u>Book value</u> VND million	<u>Specific</u> <u>provision</u> VND million	<u>General</u> <u>provision</u> VND million	<u>Total</u> VND million
Current	38,148,540	-	286,114	286,114
Special mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	590,000	155,881	4,425	160,306
Loss	240,850	96,927	-	96,927
	38,979,390	252,808	290,539	543,347

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

10. LONG-TERM INVESTMENTS

Analysis by type of investment:

	30 June 2019 VND million	31 December 2018 VND million
Investments in subsidiaries (Note 10.1)	4,490,032	4,590,032
Investments in joint ventures (Note 10.2)	1,688,788	1,688,788
Other long-term investments	22,962	170,955
Provision for long-term investments	-	-
	6,201,782	6,449,775

10.1 Investments in subsidiaries

Subsidiaries	30 June 2019	31 December 2018
	Cost VND million	Cost VND million
VietinBank Leasing Company Ltd	1,000,000	1,000,000
VietinBank Securities JSC	597,232	597,232
VietinBank Debt Management and Asset Exploitation Company Ltd	120,000	120,000
VietinBank Insurance Joint Stock Corporation	489,150	489,150
VietinBank Fund Management Company Ltd	950,000	950,000
VietinBank Gold & Jewellery Trading Company Ltd (*)	200,000	300,000
VietinBank Global Money Transfer Company Ltd	50,000	50,000
VietinBank Lao Limited	1,083,650	1,083,650
	4,490,032	4,590,032

(*) During the period, VietinBank Gold & Jewellery Trading Company Ltd returned VND100 billion of the parent bank's capital in accordance with the Resolution of the Board of Directors of Parent Bank No. 139/NQ-HĐQT-NHCT2.1 dated 8 May 2019.

10.2 Investments in joint venture

	30 June 2019		31 December 2018	
	Cost VND million	% owned	Cost VND million	% owned
Indovina Bank Ltd	1,688,788	50%	1,688,788	50%
	1,688,788		1,688,788	

Indovina Bank Limited was established in Vietnam with Head Office located in Ho Chi Minh City; its main activity is providing banking services. This is a joint venture between the Bank and Cathay United Bank, a bank established in Taiwan. Indovina Bank Limited was granted Operating License No. 08/NH-GP dated 29 October 1992 and its amendments issued by the SBV for the operating period of 99 years with the initial charter capital of USD10,000,000. Since its establishment, the charter capital of Indovina Bank Limited has been increased several times under the approval of the SBV, while the proportions of ownership in the joint venture remain unchanged. As at 30 June 2019, the charter capital of Indovina Bank Limited was USD193 million.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

11. OTHER ASSETS

11.1 Receivables

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Internal receivables	363,461	264,819
External receivables	16,482,834	13,050,088
Construction in progress (i)	6,074,377	5,865,048
Fixed assets in purchase or under repair	1,385,163	1,366,869
	24,305,835	20,546,824

(i) Construction in progress

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Constructions in the North	5,295,207	5,144,184
Constructions in the Central	581,961	559,290
Constructions in the South	197,209	161,574
	6,074,377	5,865,048

11.2 Other assets

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Materials and tools	128,423	140,964
Prepaid expenses	2,597,603	2,761,728
Other assets	123,935	123,935
	2,849,961	3,026,627

12. DUE TO THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	<i>30 June 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Borrowings from the SBV	3,022,610	3,394,517
Borrowings based on the credit files	3,015,652	3,387,559
Borrowings to support State-owned enterprises	6,958	6,958
Deposits from the State Treasury and other liabilities	68,459,758	59,205,642
	71,482,368	62,600,159

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

13. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

13.1 Deposits from other credit institutions

	30 June 2019 VND million	31 December 2018 VND million
Demand deposits	45,937,684	45,922,912
In VND	45,506,043	45,533,202
In foreign currencies	431,641	389,710
Term deposits	33,377,093	26,136,830
In VND	17,031,500	24,462,300
In foreign currencies	16,345,593	1,674,530
	79,314,777	72,059,742

13.2 Borrowings from other credit institutions

	30 June 2019 VND million	31 December 2018 VND million
In VND	867,340	3,944,307
In foreign currencies	13,464,771	32,747,081
	14,332,111	36,691,388

14. CUSTOMER DEPOSITS

	30 June 2019 VND million	31 December 2018 VND million
Demand deposits	120,660,920	123,617,410
- Demand deposits in VND	98,208,725	99,876,608
- Demand deposits in foreign currencies	22,452,195	23,740,802
Term deposits	717,577,435	693,575,062
- Term deposits in VND	690,744,847	665,749,679
- Term deposits in foreign currencies	26,832,588	27,825,383
Deposits for specific purpose	3,273,862	4,150,652
- Deposits for specific purpose in VND	1,986,124	2,554,898
- Deposits for specific purpose in foreign currencies	1,287,738	1,595,754
Margin deposits	3,226,591	3,002,587
- Margin deposits in VND	2,425,437	2,696,972
- Margin deposits in foreign currencies	801,154	305,615
	844,738,808	824,345,711

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

15. VALUABLE PAPERS ISSUED

	<u>30 June 2019</u> VND million	<u>31 December 2018</u> VND million
In VND	59,465,482	46,015,482
Par value	59,465,482	46,015,482
In foreign currencies	881	877
Par value	881	877
	59,466,363	46,016,359

Details of the term of valuable papers issued at the end of the period are as follows:

	<i>Bills of exchange</i> VND million	<i>Bearer bonds</i> VND million	<i>Book-entry bonds</i> VND million	<i>Certificates of deposits</i> VND million	<i>Total VND million</i>
Less than 12 months	197	-	-	-	197
- In VND	197	-	-	-	197
From 12 months to under 5 years	-	166	5,450,000	27,500,872	32,951,038
- In VND	-	166	5,450,000	27,500,019	32,950,185
- In foreign currencies	-	-	-	853	853
From 5 years	-	-	26,515,100	28	26,515,128
- In VND	-	-	26,515,100	-	26,515,100
- In foreign currencies	-	-	-	28	28
Closing balance	197	166	31,965,100	27,500,900	59,466,363

16. OTHER PAYABLES

	<u>30 June 2019</u> VND million	<u>31 December 2018</u> VND million
Internal payables	1,561,898	1,698,546
External payables (*)	9,798,400	23,101,124
Bonus, welfare funds	977,326	1,495,348
	12,337,624	26,295,018

(*) Details of external payables are as follows:

	<u>30 June 2019</u> VND million	<u>31 December 2018</u> VND million
Collection, payment on behalf of other organizations	6,350,633	20,950,931
Amounts kept for customers and awaiting for settlement	111,126	131,942
Corporate income tax payable	379,201	-
Other items awaiting for payment	1,012,783	943,945
Tax and fee payables	75,012	136,959
Payables to the SBV due to the collection of written-off debts	91,515	90,046
Payables related to trade finance activities	8,450	6,005
Money transfer payable	779,327	522,803
Other payables	990,353	318,493
	9,798,400	23,101,124

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
 as at 30 June 2019 and for the six-month period then ended

17. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Opening balance VND million	Movements during the period		Closing balance VND million
		Payables VND million	Paid VND million	
Value added tax	18,933	186,486	186,545	18,874
Corporate income tax	(178,058)	958,909	401,650	379,201
Other taxes	118,026	361,623	423,512	56,137
	(41,099)	1,507,018	1,011,707	454,212

17.1 Current corporate income tax

From 1 January 2016, the Bank has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits according to Circular No. 78/2014/TT-BTC which became effective from 2 August 2014.

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

Current corporate income tax payables are determined based on taxable income of the period. Taxable income differs from the one reported in the interim separate income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior periods due to the differences between the Bank's accounting policies and the tax regulations. It also excludes tax exempted income and non-deductible expenses. The current corporate income tax payable of the Bank is calculated based on the statutory tax rates applicable at the period-end.

Provision for current income tax expense is computed as follows:

	For the six-month period ended 30 June 2019 VND million	For the six-month period ended 30 June 2018 VND million
Profit before tax	5,285,005	5,106,019
<i>Plus/ (Minus)</i>		
- Dividend income	(502,600)	(416,741)
- Others	14,866	(7,617)
Estimated taxable income	4,797,271	4,681,661
CIT expenses in the period	959,454	936,332
CIT payable at the beginning of the period	(178,058)	85,636
CIT paid during the period	(401,650)	(728,031)
Adjustment CIT differences of previous year	(545)	13
Current income tax payable at the end of the period	379,201	293,950

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

18. OWNERS' EQUITY AND RESERVES

18.1 Statement of changes in equity

	Charter capital VND million	Share premium VND million	Capital supplementary reserve VND million	Financial reserve VND million	Undistributed profits VND million	Total VND million
Balance as at 1 January 2018	37,234,046	8,969,827	2,357,947	4,691,966	8,418,544	61,672,330
Net profit for the year	-	-	-	-	5,193,214	5,193,214
Appropriation to reserves	-	-	259,661	519,321	(778,982)	-
Appropriation of the Bank's bonus and welfare funds	-	-	-	-	(1,674,873)	(1,674,873)
Other adjustments	-	-	-	-	(30,079)	(30,079)
Balance as at 31 December 2018	37,234,046	8,969,827	2,617,608	5,211,287	11,127,824	65,160,592
Net profit for the period	-	-	-	-	4,325,551	4,325,551
Other adjustments	-	-	-	-	11,800	11,800
Balance as at 30 June 2019	37,234,046	8,969,827	2,617,608	5,211,287	15,465,175	69,497,943

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

18. OWNERS' EQUITY AND RESERVES (continued)

18.2 Equity

Details of the Bank's shares are as follows:

	30 June 2019		31 December 2018	
	Shares	VND million	Shares	VND million
Number of registered shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of shares issued	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of shares circulated	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046

The face value of each share of the Bank is VND10,000.

19. INTEREST AND SIMILAR INCOME

	For the six-month period ended 30 June 2019 VND million	For the six-month period ended 30 June 2018 VND million
Interest income from deposits	1,609,847	963,922
Interest income from loans to customers	34,045,288	28,983,862
Interest income from debt securities	3,225,526	5,162,801
Income from guarantee activities	370,519	361,386
Other income from credit activities	252,350	200,461
	39,503,530	35,672,432

20. INTEREST AND SIMILAR EXPENSES

	For the six-month period ended 30 June 2019 VND million	For the six-month period ended 30 June 2018 VND million
Interest expenses for deposits	21,210,581	19,808,260
Interest expenses for borrowings	473,700	900,627
Interest expenses for valuable papers issued	1,845,209	830,642
Other expenses for credit activities	144,410	61,040
	23,673,900	21,600,569

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

21. NET (LOSS)/GAIN FROM SECURITIES

21.1 Net gain from securities held for trading

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Income from securities held for trading	134,055	238,085
Expenses for securities held for trading	(495)	(105)
Net gain from securities held for trading	133,560	237,980

21.2 Net (loss)/gain from investment securities

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Income from trading of investment securities	11,003	4,764
Expenses for trading of investment securities	(11)	(6,468)
Provision (charged)/reversed for investment securities	(254,229)	131,602
Net (loss)/gain from investment securities	(243,237)	129,898

22. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Dividends received from capital contribution, share purchase	502,600	416,741
- From capital contribution	502,600	416,741
Liquidated income, divested investment	156,912	-
	659,512	416,741

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

23. TOTAL OPERATING EXPENSES

	<i>For the six-month period ended 30 June 2019 VND million</i>	<i>For the six-month period ended 30 June 2018 VND million</i>
Expenses on taxes, fees	8,346	15,144
Personnel expenses	4,269,819	4,251,370
Salary and allowances	3,493,776	3,513,101
Expenses related to salary	262,330	256,507
Allowances	6,776	5,842
Other expenses	506,937	475,920
Expenses on assets	875,284	1,028,078
Depreciation and amortization of fixed assets	444,519	493,162
Other expenses	430,765	534,916
Administrative expenses	1,106,095	1,308,466
Per-diem	55,694	77,855
Expenses for union activities	6,327	19,019
Other expenses	1,044,074	1,211,592
Insurance premium for customers' deposits	325,748	310,311
Provision reversed	-	(1,756)
	6,585,292	6,911,613

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the interim separate cash flow statement include items on the interim separate balance sheet are as follows:

	<i>30 June 2019 VND million</i>	<i>30 June 2018 VND million</i>
Cash and cash equivalents on hand	7,317,739	6,911,704
Balances with the SBV	31,797,910	23,167,119
Current accounts at other credit institutions	67,552,837	68,610,799
Placements with other credit institutions with term not exceeding three (3) months	48,407,427	57,741,655
	155,075,913	156,431,277

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

25. COLLATERAL AND MORTGAGES

25.1 *Assets, valuable papers taken for mortgage, pledge and discount, rediscount*

Details of customers' collateral and mortgages at the Bank as at the end of the period are as follows:

	<i>30 June 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
Real estates	1,163,381,960	1,080,106,960
Movable property	66,730,991	75,898,298
Deposits, gold, gemstones and valuable papers	128,661,124	139,352,583
Other assets	487,164,521	488,307,357
	<u>1,845,938,596</u>	<u>1,783,665,198</u>

Collaterals and mortgages held by the Bank which are permitted to sell to or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debts according to the law.

As at 30 June 2019, the Bank did not hold any collateral which the Bank is permitted to sell or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debt according to the law.

26. RELATED PARTY TRANSACTIONS

During normal business operation, the Bank has undertaken transactions with other parties to which the Bank is related. A party is considered to be related if the party has ability to control or to influence other parties in making decision of financial policies and operational activities. A party is related to the Bank if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - ▶ controls, is controlled by, or is under common control by Bank (including parents and subsidiaries);
 - ▶ has an interest (owning 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence over the Bank;
 - ▶ has joint control over the Bank.
- (b) The party is a joint venture in which the Bank is a venture or an associate (owning over 11% of the charter capital or voting share capital, but is not a subsidiary of the Bank);
- (c) The party has a member which is the member of the key management personnel of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such company resides with, directly or indirectly, any individual referred to in (c) or (d).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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26. RELATED PARTY TRANSACTIONS (continued)

Details of significant balances with related parties as at 30 June 2019 are as follows:

Related organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>30 June 2019 VND million</i>	<i>31 December 2018 VND million</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Deposits of the Bank at the SBV	31,797,910	23,167,119
Subsidiaries	Subsidiary	Deposits at the Bank	980,411	1,531,657
		Borrowings from the Bank	800,000	10,008
		Interest receivable from loans	7,695	772,000
		Interest payable for deposits	11,072	2,337,267
		Deposits of the Bank at subsidiaries	1,435,260	4,723

Details of significant transactions with related parties in the period are as follows:

Related Organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>30 June 2019 VND million</i>	<i>31 December 2018 VND million</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Increase/(decrease) Deposits of the Bank at the SBV	8,630,791	(16,389,423)
Subsidiaries	Subsidiaries	(Decrease) Deposits at the Bank	(551,246)	(815,924)
		Increase/(decrease) Borrowings from the Bank	789,992	(573,200)
		(Decrease)/ Increase Interest receivable from loans	(764,305)	3,650
		(Decrease)/ Increase Interest payable for deposits	(2,326,195)	15,413
		Increase Deposits of the Bank at subsidiaries	1,430,537	849,320
		Interest income from loans	20,603	17,768
		Interest income from deposits	42,498	12,318
		Interest expenses for deposits	(13,263)	(40,569)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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26. RELATED PARTY TRANSACTIONS (continued)

Related Individual

<i>Related parties</i>	<i>Transactions</i>
Board of Directors, Supervisory Board and Board of Management (*)	Salaries and remunerations: Payment in accordance with the Bank's internal regulations on salary payment, ensuring the interrelation between managerial level's average salary and staff level's average salary within the banking system.

(*) The salary and remuneration of the Board of Directors and Supervisory Board comply with Resolution No. 20/NQ-DHDCD dated 23 April 2019 approved by the General Meeting of Shareholders.

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

	<i>Total loans VND million</i>	<i>Total deposits VND million</i>	<i>Credit commitments VND million</i>	<i>Derivative financial instruments VND million</i>	<i>Trading and investment of securities VND million</i>
Domestic	878,275,249	991,681,005	109,256,575	275,014	104,921,806
Overseas	2,935,436	832,338	255,025	-	-
	881,210,685	992,513,343	109,511,600	275,014	104,921,806

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28. FINANCIAL RISK MANAGEMENT POLICIES

Under the guidance of the State Bank of Vietnam on enhancing the role of risk management in credit institutions, the Bank continues implementing risk management policies for its entire business to support the safe and steady growth of business activities.

According to Official Letter No. 1601/NHNN-TTGSNH on the implementation of capital adequacy regulation under Basel II, the Bank is one of the ten selected banks to apply Basel II standards. The application of Basel II standards not only meets the requirements of the State Bank of Vietnam under the restructuring plan of the Vietnamese banking sector but is also a prerequisite for integration and expansion of the Bank in the global financial banking industry. The Bank has always played a pioneering role in the modernization of the banking system. In 2019, the Bank has continued to implement sub-projects on fund management, risk management within the Basel II Project in order to comprehensively enhance the risk management system as described in Basel II.

Moreover, the Bank has continued to complete its policies system in 5 levels, namely: (i) General policy regime, (ii) Detailed policies, (iii) Guidance documents on policies, (iv) General processes, and (v) Detailed processes for each product in order to ensure consistency and overall effectiveness of the policy system.

The activities related to the Bank's financial instruments including foreign exchange trading products, gold trading, cross currency swaps, interest rate swaps, etc. mainly serve the demands of corporate customers in the preferential and key sectors and corporate and individual customers that have strong financial conditions.

To manage risk related to financial instruments, the Bank issues regulations, procedures, detailed guidance and internal indicators as well as strictly manages the balance between assets and liabilities, tightly controls the growth in business activities and credit quality; complies with limitation and safety rate for its operation and requirements on risk management as stipulated in Circular 36/2014/TT-NHNN and Circular 06/2016/TT-NHNN and Circular 19/2017/TT-NHNN and regulations of the State Bank of Vietnam and meets requirements on risk management in accordance with Basel II. Accordingly, risks related to financial instruments are strictly managed as follows:

General policies to manage the risk of financial instruments: The Bank has issued regulation on splitting the data of Banking and Trading, providing criteria for risk management standardization based on the features of each activity.

Credit risk management: Management activities of credit risk of the Bank are deployed through standardized models to organize, create and establish risk control limits based on the risk appetite of the Board of Directors, consistent with the business strategy in each period, ensuring secure and sustainable growth targets.

VietinBank credit-oriented documents are elaborated according to the branches, types of customers and products in each customer segment, suitable to geographic, economic, and political and consumer characteristics of each region for the purpose of optimizing the efficiency of the credit portfolio, limiting the growth into groups of industries and customers with high risk.

With the active management of credit portfolio, the Bank has timely identified potential risk customers which might lead to deterioration in the quality of debt, issues related to the risk concentration, collateral assets, etc. to make proactively implement appropriate measures to support the strict management of debt quality and financial planning in accordance with the plan objectives of the Board of Directors.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

The IT infrastructure is prioritized for investment, ensuring that credit portfolio management, early warning, branch credit risk monitoring are implemented automatically, minimizing the data processing time and increasing the quality of information.

The Bank is one of the first banks to implement credit risk measuring models under Basel II standards (according to the statistical analysis method) in replacement to the internal credit ratings system (according to expert method previously) and apply it in credit approval, loan pricing and efficient customer management.

Management of liquidity risk and interest rate risk: The Bank has continued to synchronize and improve the liquidity risk and interest risk management model on banking book according to international practice. The Bank has separated the function and responsibility between Transaction Unit and Risk Management Unit to ensure independence and cross check to mitigate possible risks. The Bank has also issued regulations and processes on liquidity risk and interest rate risk on banking book to ensure consistent implementation. The Asset-Liability Management System (ALM), interest rate risk analysis tool (RAR) is to create standardized data sources and measurement and monitor tools for the management of liquidity risk and interest rate risk on banking book.

Management of currency risk: The Bank carries out its policy of managing foreign exchange risk in full concentration. The status of each currency is managed on a daily basis and the hedging strategy is used by the Bank to ensure that the currency's status is maintained within the established limits. In addition, for monetary risks, interest rate risks on the trading book, the Bank set limits for on-hold status, stop-loss limits, risk-bearing value limits, etc. to control based on the risk appetite of the Bank. The measurement and risk reporting system ensures full and comprehensive disclosure of market value margins, risk measurement and monitoring of authorization mechanisms in treasury dealing. On that basis, currency risk reports are periodically sent to the managers and transaction units to support in decision making process to ensure secure and effective operation.

29. CREDIT RISK

Credit risk is the risk that results in the Bank's loss because its customers or counterparties default on their contractual obligations or fail to fulfil their committed obligations.

Tools that the Bank uses to manage credit risk include:

For credit activities: The Bank manages and controls credit risk by setting credit limits for each counterparty and industrial concentration, 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 financial position as well as solvency of counterparties based on the qualitative and quantitative factors. Credit limit is established for each counterparty based on its risk rating assigned by the credit rating system, in which each customer is rated at a risk rating. Risk rating can be modified and updated regularly.

For investment activities/interbank lending activities: The Bank controls and manages risks by setting the interbank and investment limit for each specific counterparty based on the analysis and assessment of the counterparty's risks. These limits are set by the Financial Institution Committee and executed by the Treasury Dealing Department.

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29. CREDIT RISK (continued)

Credit risk mitigation methods

Credit bearing assets of the Bank are divided into the following groups:

▶ *Financial assets which are neither past due nor impaired*

The Bank's financial assets which are neither past due nor impaired include loans classified as Current loans, except for the loans overdue less than 10 days, under Circular 02; securities, receivables and other financial assets which are not past due and no provision is required under Circular No. 228/2009/TT-BTC and Circular No. 89/2013/TT-BTC. The Bank believes that the Bank has the ability to collect adequately and timely these financial assets in the future.

▶ *Financial assets which are past due but not impaired*

Financial assets are overdue but not impaired as the Bank is currently holding sufficient collateral assets to offset credit risk in accordance with the SBV's regulations.

The Bank is currently holding collateral in the forms of real estates, movable assets, valuable papers and other types for the above financial assets.

The maturity of overdue but not impaired financial assets is presented as follows:

Unit: VND million

	<i>Overdue</i>				<i>Total</i>
	<i>Less than 90 days</i>	<i>91-180 days</i>	<i>181-360 days</i>	<i>Over 360 days</i>	
Loans to customers	409,250	96,763	172,934	981,375	1,660,322
	409,250	96,763	172,934	981,375	1,660,322

▶ *Financial assets which are overdue and impaired*

The maturity of overdue and impaired financial assets is presented as follow:

Unit: VND million

	<i>Overdue</i>				<i>Total</i>
	<i>Less than 90 days</i>	<i>91-180 days</i>	<i>181-360 days</i>	<i>Over 360 days</i>	
Loans to customers	6,825,325	1,685,698	3,451,559	6,497,974	18,460,556
Available-for-sale investment securities	-	-	590,000	240,850	830,850
	6,825,325	1,685,698	4,041,559	6,738,824	19,291,406

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30. MARKET RISK

30.1 Interest rate risk

Interest rate risk is the possibility of the Bank's income or asset value being affected when market interest rate fluctuates.

Interest rate risk to the Bank possibly derives from investment activities and fund mobilization and lending activities.

The effective interest rate re-pricing term of assets and liabilities is the remaining period from the date of consolidated financial statements to the nearest interest rate re-pricing date. The following assumptions and conditions have been adopted in the analysis of effective interest rate re-pricing term of the Bank's assets and liabilities:

- Cash, gold and gemstones and other assets are classified as non-interest-bearing items;
- Balances with the SBV are considered demand deposits, thus the effective interest rate re-pricing term is assumed to be within one month;
- The maturity of securities held-for-trading is calculated on the basis of the probable time to convert bonds into cash because this portfolio includes highly liquid bonds with fixed interest rates;
- The effective interest rate re-pricing term of placements with and loans to other credit institutions; investment securities; loans to customers; borrowings from the Government and the SBV; deposits and borrowings from other credit institutions; deposits from customers, valuable papers issued, grants, trusted funds and borrowings at risk of the credit institution is determined as follows:
 - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined from the consolidated balance sheet date to maturity date;
 - Items with floating interest rate: the effective interest rate re-pricing term is determined from the consolidated balance sheet date to the nearest interest rate re-pricing date;
 - Accrued income, accrued expenses: classified as non-interest-bearing items.

The Bank's interest rate risk policies

For interbank lending (short-term activities), investment interest rate is based on the fluctuation of the market and the Bank's funding cost. The interbank loans usually have short terms (less than 3 months).

The Bank forecasts fluctuation of the market interest rate and its fund balancing ability in order to make appropriate investment decisions. In case that the interest rates are forecasted to decline, the Bank will focus on long-term investments to increase profitability. Conversely, if interest rates are forecasted to have increasing trend, the Bank will increase short-term investments.

For fund mobilization, interest rate is determined based on the market price, business orientation of the Bank's management, the Bank's fund balance and regulations of the State Bank of Vietnam. Fund is mobilized mainly with short interest rate re-pricing term.

For lending activities, the Bank determines lending interest rate based on the funding cost, management expenses, risk considerations, collateral value and market interest rate to ensure competitiveness as well as the efficiency. The Head Office regulates the lending interest rate floor for each period; branches can themselves decide lending interest rates for each period based on credit risk analysis and assessment provided that the rates are not less than the regulated floor rate and annual budgeted profit is assured. Besides, due to the fact that assets were mainly financed by the short interest rate re-pricing term funds, the Bank requires that all long-term and medium-term loans' interest must be floating (interest rate are not fixed during the whole loans' periods) to minimize possible interest rate risk to arise.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

30. MARKET RISK (continued)

30.1 Interest rate risk (continued)

Interest rate risk management

The Bank manages interest rate risk at 2 levels: transaction level and portfolio level, of which the former is more focused.

Interest rate risk management at portfolio level

- Since 2013, the Bank has issued regulations and procedures for managing interest rate risk on banking book which stipulate the principles for managing interest rate risk on banking book through the process of identification, measurement, control and monitoring of risk aims to ensure a balance between the interest rate risk control/prevention goal and the maximization of net interest income as well as the economic value of equity in the business operations of the Bank.
- The Bank completed the design, officially applied and continuously upgraded the software system of Assets-Liabilities Management (ALM), which runs to the transaction level under international practices, automatically provides reports of term differences, revaluation under nominal term and behaviour, scenarios analysis reports on interest rate increase/decrease situation, etc. in order to facilitate the Bank's interest rate management activities.
- Re-pricing terms of all loans are required to be adjusted based on the re-pricing terms of funds mobilized and are controlled within established limits by the Bank.

Interest rate risk management at transaction level

- All credit contracts are required to include terms relating to interest rate risk prevention to ensure that the Bank can hold initiative in coping with fluctuations of the market, lending interest rate must reflect the Bank's actual funding cost;
- Management through the Fund Transfer Pricing (FTP) system: the Bank has completed and continuously improved of internal fund transfer pricing system - FTP, which enhanced the Bank's capital and interest management. Depending on the orientation of the Bank and the market movements, the Head Office can change the fund price for each type of customers or products, etc. to give signals for the business units to determine their lending/fund mobilization rates for each transaction.

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30. MARKET RISK (continued)

30.1 Interest rate risk (continued)

Below table shows an analysis of the interest re-pricing period of assets and liabilities of the Bank as at 30 June 2019.

	Non-interest bearing VND million	Overdue							Interest re-pricing period				Total VND million					
		Over 3 months		Up to 3 months		Up to 1 month		From 1 to 3 months		From 3 to 6 months		From 6 to 12 months		From 1 to 5 years		Over 5 years		
		VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million		VND million	VND million	VND million	VND million	VND million
Assets																		
Cash, gold, and gemstones	7,317,739	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,317,739
Balances with the State Bank of Vietnam	-	-	-	-	-	31,797,910	-	-	-	-	-	-	-	-	-	-	-	31,797,910
Placements with and loans to other credit institutions (*)	-	-	-	-	109,214,350	-	-	8,855,182	-	900,000	-	1,468,000	-	-	-	-	-	120,437,532
Securities held for trading (*)	-	-	-	-	6,754,487	-	-	-	-	-	-	-	-	-	-	-	-	6,754,487
Derivatives and other financial liabilities	-	-	-	-	-	275,014	-	-	-	-	-	-	-	-	-	-	-	275,014
Loans to customers (*)	-	12,886,303	7,234,575	223,414,749	366,583,152	2,024,930	9,206,375	207,389,311	44,087,596	13,674,421	57,695,209	16,252,065	1,463,310	876,733,417				
Investment securities (*)	376,615	-	-	-	-	-	-	7,535,125	-	-	-	-	-	98,167,319				
Long-term investment (*)	6,201,782	-	-	-	-	-	-	-	-	-	-	-	-	6,201,782				
Fixed assets	10,140,599	-	-	-	-	-	-	-	-	-	-	-	-	10,140,599				
Other assets (*)	33,902,930	-	-	-	-	-	-	-	-	-	-	-	-	33,902,930				
Total assets	57,939,665	12,886,303	7,234,575	241,476,306	516,649,843	215,824,436	215,824,436	50,632,596	17,715,375	71,369,630	1,191,728,729							
Liabilities																		
Due to the SBV	-	-	-	-	68,850,222	-	437,269	677,380	1,517,497	-	-	-	-	71,482,368				
Deposits and borrowings from other credit institutions	-	-	-	-	77,848,425	9,583,539	146,698,817	5,114,171	1,048,972	51,781	844,738,808							
Customer deposits	-	-	-	-	352,910,168	144,006,035	189,173,078	11,922,517	28,193	-	93,646,888							
Other borrowed and entrusted funds	-	-	-	-	-	-	-	-	-	-	-	-	-					
Valuable papers issued	-	-	-	-	8,000,000	-	1,309,412	1,678,464	9,682,273	2,914,000	5,901,876							
Other liabilities (*)	27,984,745	-	-	-	-	-	2,196,611	15,072,379	24,515,100	-	59,466,363							
Total liabilities	27,984,745	-	-	160,225,648	507,608,815	166,548,429	201,421,820	39,403,398	28,193	1,103,221,048								
Interest sensitivity gap of balance sheet items	29,954,920	12,886,303	7,234,575	81,250,658	9,041,028	49,276,007	(150,789,224)	31,966,232	17,687,182	88,507,681								
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-	-								
Interest sensitivity gap (on, off-balance sheet items)	29,954,920	12,886,303	7,234,575	81,250,658	9,041,028	49,276,007	(150,789,224)	31,966,232	17,687,182	88,507,681								

(*) Excluding provision

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30. MARKET RISK (continued)

30.2 Currency risk

Currency risk is the risk that values of financial instruments will be affected by the changes in foreign exchange rate.

The Bank was incorporated and operates in Vietnam and its reporting currency is Vietnam Dong (VND), while part of the Bank's asset-equity is in foreign currencies (USD, EUR, etc.). Thus, currency risk may arise.

The Bank is exposed to the following risks:

- Currency risks in foreign currency trading;
- Currency risks in fund mobilization and lending;
- Currency risks in investments.

To prevent the risk of exchange rate fluctuations, the Bank has applied the following synchronous measures:

Based on the actual data, the growth demand of affiliates and business orientation, Treasury and Financial Planning Department analyses and projects cash inflows and outflows and proposes fund planning projection for each currency unit (in VND, USD, and EUR equivalent) to the Bank's management based on actual cash flows to ensure safety and effectiveness of the whole system. All foreign currency loans are financed through mobilized funds in the same currency, thus no currency risk arises in lending and mobilization activities.

For investment activities:

The Bank faces currency risk with regards to its investment in Indovina Bank Limited and in VietinBank Lao Limited. Currency risk for these investments is closely monitored by the Bank through the analysis and forecast of changes in exchange rates of these currencies against VND.

For foreign currency trading activities:

Regulations on currency position for each currency unit and stop-loss limits in foreign exchange trading are developed by the Market Risk Management Department at the Head Office and approved by the General Director, which are within the Bank's risk tolerance. The market risk limits are controlled and executed by the Treasury Dealing Department at the Head Office and independently supervised and reported by the Market Risk Management Department. The currency position is managed on a daily basis and hedging strategies are used to ensure that the currency position is maintained within established limits.

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30. MARKET RISK (continued)

30.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 30 June 2019:

	EUR equivalent VND million	USD equivalent VND million	Other currencies equivalent VND million	Total VND million
Assets				
Cash, gold, and gemstones	120,369	969,038	51,679	1,141,086
Balances with the SBV	-	4,236,374	-	4,236,374
Placements with and loans to other credit institutions (*)	1,507,774	24,506,712	794,688	26,809,174
Securities held for trading	-	-	-	-
Derivatives and other financial liabilities	-	-	-	-
Loans to customers (*)	3,187,970	75,573,960	1	78,761,931
Investment securities (*)	-	-	-	-
Long-term investment	77,002	1,688,788	-	1,688,788
Fixed assets	1,536,768	-	-	77,002
Other assets (*)	-	12,710,873	-	14,247,641
Total assets	6,429,883	119,685,745	846,368	126,961,996
Liabilities				
Deposits and borrowings from the SBV	-	2,910	-	2,910
Deposits and borrowings from other credit institutions	601,134	28,471,705	1,169,166	30,242,005
Customer deposits	2,723,007	48,554,109	96,559	51,373,675
Other borrowed and entrusted funds	182,646	4,901,861	94	5,084,601
Valuable papers issued	-	881	-	881
Other liabilities (*)	2,486,125	1,894,783	-	4,380,908
Owners' equity	-	-	-	-
Total liabilities	5,992,912	83,826,249	1,265,819	91,084,980
FX position on balance sheet	436,971	35,859,496	(419,451)	35,877,016

(*) Excluding provision

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30. MARKET RISK (continued)

30.3 Liquidity risk

Liquidity risk is defined as the risk that results in the Bank's difficulty in meeting obligations associated with its financial liabilities. Liquidity risk arises since the Bank might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances or when the Bank has to mobilize funds at a higher cost to meet its payment obligations.

The Bank had issued regulations and procedures on the liquidity risk management which establishes rules of managing the liquidity gap through maturity, liquidity risk ratios, designs stress test scenarios and backup plan to proactively handle measures in facing with the market volatility. To minimize this risk, the management plans to diversify its funding sources and also develops fund management report system to calculate liquidity position on a daily basis as well as prepares analysis and forecast report on future liquidity position on a regular basis.

On a monthly basis, at ALCO Council meeting, fund balance and liquidity of the Bank is one of the key contents to be discussed. At Risk Management Committee, Risk Management Council meeting, the compliance of liquidity risk limits is also reviewed and reported. Based on analysis and evaluation, Risk Management Committee/ALCO Council/Risk Council makes recommendations to the Board of Directors and the Management to best remain the Bank's solvency in a safe and effective way.

In addition, the Bank also maintains a list of secondary liquid assets such as the Government bonds, which may be sold or under repurchased contracts with the State Bank of Vietnam. It is not only the secondary reserve in liquidity stress circumstances (if any) but also the profitable investments, providing funds for key national projects. The maturity of assets and liabilities represents the remaining time to the contractual maturity date from the balance sheet date until the payment date regulated in the contract or terms of issuance.

The following assumptions and conditions have been adopted in the analysis of the Bank's maturity relating to its assets and liabilities:

- Cash, gold and gemstones and balance with the State Bank of Vietnam are classified into maturity up to one month;
- The maturity term of deposits with and loans to other credit institutions and loans to customers, investment securities, borrowings from the Government and the SBV, deposits, loans from other credit institutions, valuable papers issued, other borrowed and entrusted funds are based on the contractual maturity date;
- The maturity of securities held-for-trading is calculated on the basis of the probable time to convert bonds into cash because this portfolio includes highly liquid bonds;
- The maturity term of deposits from customers are determined based on the customer's behaviour analysis and the forecast on interest rate policy and other macroeconomic factors.

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30. MARKET RISK (continued)

30.3 Liquidity risk (continued)

Based on the management's approval of annual business plan, the Treasury and Financial Planning Department together with some other departments does analysis and makes forecasts of cash inflows and outflows of the system according to the approved plans; and also based on the actual daily fluctuations of fund mobilization and utilization, the Bank makes decisions on appropriate management of capital adequacy.

Based on the projection of capital adequacy, the Treasury and Financial Planning Department in cooperation with the Treasury Dealing Department creates the Bank's liquidity buffer through purchasing highly liquid valuable papers, which could be converted into cash on the secondary market. The Treasury and Financial Planning Department in cooperation with the Treasury Dealing Department may decide to sell valuable papers to the SBV in the open market, or to borrow to replenish working capital's deficiency to ensure liquidity position of the whole system.

Based on the SBV's regulations, the Treasury and Financial Planning Department in cooperation with the Treasury Dealing Department proposes available fund management plan in order to assure that the actual average balance of deposits in VND and foreign currencies at the SBV is not less than the required level of compulsory reserve. Besides, the Bank also establishes credit limit with other banks and other credit institutions for mutual support when needed. The Market Risk Management Department acts as an independent supervisor to ensure that the liquidity risks are managed and comply with the regulations and procedures on the liquidity management of the Bank.

The process of capital adequacy of the Bank is performed in the Core Sunshine system, the interbank payment program CITAD, Asset-Liability management software, liquidity management software, information about large cash flows from business units. Therefore, the Bank actively performs liquidity risk management on a daily basis.

The Bank's liquidity risk management activities are monitored closely in compliance with the regulations of the State Bank of Vietnam and the Bank's criteria for internal liquidity management for each major currency unit (such as VND, USD, EUR) on deposit and loan portfolios.

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30. MARKET RISK (continued)

30.3 Liquidity risk (continued)

The table below presents the analysis of remaining maturity of assets and liabilities of the Bank as at 30 June 2019:

	Overdue			Current					Total VND million
	Above 3 months VND million	Within 3 months VND million	Up to 1 months VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million		
Assets									
Cash, gold and gemstones	-	-	7,317,739	-	-	-	-	7,317,739	
Balances with the State Bank of Vietnam	-	-	31,797,910	-	-	-	-	31,797,910	
Placements with and loans to other credit institutions (*)	-	-	109,214,350	8,855,182	2,368,000	-	-	120,437,532	
Securities held for trading (*)	-	-	6,754,487	-	-	-	-	6,754,487	
Derivatives and other financial liabilities	-	-	275,014	-	-	-	-	275,014	
Loans to customers (*)	12,886,303	7,234,575	54,847,310	167,335,911	302,670,555	132,111,731	199,647,032	876,733,417	
Investment securities (*)	-	-	343,086	815,428	6,848,389	72,901,886	17,258,530	98,167,319	
Long-term investments (*)	-	-	-	-	-	-	6,201,782	6,201,782	
Fixed assets	-	-	-	-	-	-	10,140,599	10,140,599	
Other assets (*)	-	-	-	-	-	-	33,902,930	33,902,930	
Total assets	12,886,303	7,234,575	210,549,896	177,006,521	311,886,944	205,013,617	267,150,873	1,191,728,729	
Liabilities									
Due to the SBV	-	-	68,850,222	437,269	2,194,877	-	-	71,482,368	
Deposits and borrowings from other credit institutions	-	-	77,465,441	9,402,045	5,222,188	1,405,289	151,925	93,646,888	
Customer deposits	-	-	158,080,912	168,190,936	385,189,533	132,559,783	717,644	844,738,808	
Other borrowed and entrusted funds	-	-	-	-	-	2,914,000	2,987,876	5,901,876	
Valuable papers issued	-	-	7,832,273	2,196,610	15,072,379	9,850,000	24,515,101	59,466,363	
Other liabilities	-	-	10,440,005	2,479,251	6,096,605	8,554,899	413,985	27,984,745	
Total liabilities	-	-	322,668,853	182,706,111	413,775,582	155,283,971	28,786,531	1,103,221,048	
Net liquidity gap	12,886,303	7,234,575	(112,118,957)	(5,699,590)	(101,888,638)	49,729,646	238,364,342	88,507,681	

(*) Excluding provision

Other market price risk

Except for the assets and liabilities are disclosed in the previous section, the Bank does not bear any other market price risks that account for 5% of its net profit or the value of its assets, liabilities accounted for 5% of total assets.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2019 and for the six-month period then ended

31. EVENTS AFTER THE INTERIM SEPARATE BALANCE SHEET DATE

There is no other matter or circumstance that has arisen since the interim separate balance date that requires adjustment or disclosure in the interim separate financial statements.

32. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE BALANCE SHEET DATE

	30 June 2019 VND	31 December 2018 VND
USD	23,312	23,195
EUR	26,679	26,587
GBP	29,579	29,537
CHF	23,908	23,544
JPY	217.62	210.69
SGD	17,248	17,023
CAD	17,862	17,034
AUD	16,391	16,392
NZD	15,644	16,364
THB	741.75	715.47
SEK	2,517	2,589
NOK	2,735	2,667
DKK	3,570	3,552
HKD	3,009	2,962
CNY	3,393	3,372
KRW	20.74	21.08
LAK	2.71	2.74
MYR	5,329	5,329

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14 August 2019