

**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE
FINANCIAL STATEMENTS**

For the year ended 31 December 2015

In accordance with Vietnamese Accounting Standards and
Accounting Regime applicable to Credit Institutions in Vietnam

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF MANAGEMENT	1 - 2
INDEPENDENT AUDITORS' REPORT	3 - 4
SEPARATE BALANCE SHEET	5 - 7
SEPARATE INCOME STATEMENT	8
SEPARATE CASH FLOW STATEMENT	9 - 10
NOTES TO THE SEPARATE FINANCIAL STATEMENTS	11 - 78

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Vietnam Joint Stock Commercial Bank for Industry and Trade (the “Bank”) presents this report together with the Bank’s separate financial statements for the year ended 31 December 2015.

BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Bank who held office during the year and to the date of this report are as follows:

Board of Directors

Mr. Nguyen Van Thang	Chairman
Mr. Le Duc Tho	Member
Ms. Nguyen Hong Van	Member
Mr. Michael Knight Ipson	Member
Mr. Cat Quang Duong	Member
Mr. Pham Huy Thong	Member (resigned on 07 July 2015)
Mr. Hiroyuki Nagata	Member
Mr. Go Watanabe	Member
Mr. Phung Khac Ke	Member
Ms. Tran Thu Huyen	Member

Board of Management

Mr. Le Duc Tho	General Director
Mr. Tran Minh Binh	Deputy General Director
Mr. Nguyen Van Du	Deputy General Director
Ms. Bui Nhu Y	Deputy General Director
Mr. Nguyen Hoang Dung	Deputy General Director
Mr. Pham Huy Thong	Deputy General Director (resigned on 07 July 2015)
Mr. Nguyen Duc Thanh	Deputy General Director
Mr. Hiroyuki Nagata	Deputy General Director
Mr. Tran Cong Quynh Lan	Deputy General Director (appointed on 05 March 2015)
Mr. Nguyen Dinh Vinh	Deputy General Director (appointed on 31 July 2015)
Mr. Nguyen Hai Hung	Chief Accountant

Person authorized to sign the financial statements

Mr. Tran Minh Binh	(According to Authorization Letter No. 786/UQ-HDQT-NHCT18 dated 06 August 2015 of the Chairman)
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STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Bank is responsible for preparing the separate financial statements, which give a true and fair view of the separate financial position of the Bank and of its results and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. In preparing these separate financial statements, the Board of 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 principles have been followed, subject to any material departures disclosed and explained in the separate financial statements;
- Prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the separate financial statements so as to minimise errors and frauds.

The Board of Management of the Bank is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the separate financial position of the Bank and that the separate financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Bank has complied with the above requirements in preparing these separate financial statements.

For and on behalf of the Board of Management,



Le Duc Tho
General Director

Hanoi, 21 March 2016



No.: 7116 /VNIA-HN-BC

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying separate financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade (the "Bank"), prepared on 21 March 2016 as set out from page 05 to page 78, which comprise the separate balance sheet as at 31 December 2015, the separate statement of income, separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at 31 December 2015, and its separate financial performance and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions and legal regulations relating to financial reporting.

INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of matter

We would like to draw readers' attention to Note 50 of the Notes to the separate financial statements "Contingent liabilities", as at 31 December 2015, the Bank has legal rights and obligations related to the case of Huynh Thi Huyen Nhu and the other former employees of Ho Chi Minh City branch and Nha Be branch of the Bank. As at 07 January 2015, the Appeal Court of People's Supreme Court at Ho Chi Minh City ("the Appeal Court") had judged the case, sentencing the accused for swindling to appropriate assets and certain other crimes, simultaneously reaching a verdict on judgment against the accused members. In terms of civil responsibilities, Huynh Thi Huyen Nhu was responsible for reimbursement to three (03) banks, four (04) companies and three (03) individuals which were defrauded by her and the Bank neither has compensation obligations, joint liability nor incurs any financial loss with regards to the illegal actions of the accused members mentioned above. The Appeal Court has ceased the first instance judgment in part relating to Huynh Thi Huyen Nhu's illegal actions to five (05) other companies for re-investigation and judgment as regulated by laws. Accordingly, the responsibilities and legal obligations of the parties concerned shall be defined only when the case has been re-investigated and tried with effective judgment and verdict. Our opinion is not modified in respect of this matter.



Nguyen Tuan Anh
Audit Director
Audit Practising Registration Certificate
No. 1291-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

21 March 2016
Hanoi, S.R. Vietnam

Nguyen Thi Thanh Van
Auditor
Audit Practising Registration Certificate
No. 2543-2014-001-1

**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

SEPARATE BALANCE SHEET

As at 31 December 2015

FORM B 02/TCTD

Unit: Million VND

NO. ITEMS	Notes	31/12/2015	31/12/2014 Restated
A. ASSETS			
I. Cash, gold and gemstones	5	5,003,577	4,598,290
II. Balances with the State Bank of Vietnam ("SBV")	6	11,892,122	9,876,030
III. Placements with and loans to other credit institutions	7	67,516,251	75,770,178
1. Placements with other credit institutions		65,491,767	67,097,386
2. Loans to other credit institutions		2,024,484	8,672,792
3. Provisions for losses		-	-
IV. Trading securities	8	3,200,074	3,595,310
1. Trading securities		3,200,074	3,595,310
V. Loans to customers		528,619,924	433,934,339
1. Loans to customers	10	533,102,761	438,264,664
2. Provisions for credit losses of loans to customers	11	(4,482,837)	(4,330,325)
VI. Investment securities		118,713,394	92,047,032
1. Available-for-sale investment securities	12	107,619,612	85,964,781
2. Held-to-maturity investment securities	12	12,928,649	6,708,858
3. Provisions for impairment of investment securities	13	(1,834,867)	(626,607)
VII. Long-term investments	14	7,247,451	5,771,885
1. Investments in subsidiaries		4,600,882	3,317,232
2. Investments in joint-ventures		2,088,788	2,088,788
3. Other long-term investments		561,974	440,136
4. Provisions for impairment of long-term investments		(4,193)	(74,271)
VIII. Fixed assets		8,299,636	8,789,000
1. Tangible fixed assets	15	4,293,991	4,623,778
<i>a. Cost</i>		9,595,039	9,231,557
<i>b. Accumulated depreciation</i>		(5,301,048)	(4,607,779)
2. Intangible assets	16	4,005,645	4,165,222
<i>a. Cost</i>		4,788,369	4,791,934
<i>b. Accumulated amortisation</i>		(782,724)	(626,712)
IX. Other assets		26,857,529	25,949,908
1. Other receivables	17	10,803,485	9,948,228
2. Interest and fee receivables		12,733,323	12,611,980
3. Other assets	18	3,320,879	3,389,858
4. Provisions for impairment of other balance sheet assets		(158)	(158)
TOTAL ASSETS		777,349,958	660,331,972

The notes set out from pages 11 to 78 are an integral part of these separate financial statements

**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

SEPARATE BALANCE SHEET (Continued)

As at 31 December 2015

FORM B 02/TCTD

Unit: Million VND

NO. ITEMS	Notes	31/12/2015	31/12/2014 Restated
B. LIABILITIES AND OWNERS' EQUITY			
I. Borrowings from the Government and the SBV	19	13,205,518	4,731,403
II. Deposits and borrowings from other credit institutions	20	98,788,429	103,770,035
1. Deposits from other credit institutions		43,018,560	42,040,406
2. Borrowings from other credit institutions		55,769,869	61,729,629
III. Deposits from customers	21	492,566,502	424,241,062
IV. Derivative financial instruments and other financial liabilities	9	117,619	415,778
V. Grants, trusted funds and borrowings at risk of the credit institution	22	55,131,061	32,729,590
VI. Valuable papers issued	23	20,860,497	5,294,073
VII. Other liabilities		41,746,355	34,969,462
1. Accrued fee and interest expenses		5,844,004	5,689,492
2. Other payables and liabilities	24	35,902,351	29,279,970
TOTAL LIABILITIES		722,415,981	606,151,403
VIII. Capital and reserves	26	54,933,977	54,180,569
1. Contributed capital		46,203,873	46,203,873
<i>a. Charter capital</i>		37,234,046	37,234,046
<i>b. Share premium</i>		8,969,827	8,969,827
2. Reserves		5,044,907	4,192,978
3. Retained earnings		3,685,197	3,783,718
TOTAL LIABILITIES AND OWNERS' EQUITY		777,349,958	660,331,972

The notes set out from pages 11 to 78 are an integral part of these separate financial statements

SEPARATE BALANCE SHEET (Continued)

As at 31 December 2015

FORM B 02/TCTD
Unit: Million VND

OFF- SEPARATE BALANCE SHEET ITEMS

NO. ITEMS	Notes	31/12/2015	31/12/2014
			Restated
1. Credit guarantees	40	5,338,188	2,496,147
2. Foreign exchange transactions commitments	40	65,296,692	62,361,790
<i>Buying foreign currency commitments</i>		6,826,039	1,274,173
<i>Selling foreign currency commitments</i>		6,733,633	1,274,379
<i>Cross currency swap contracts</i>		51,737,020	59,813,238
3. Letters of credit	40	29,549,918	29,742,703
4. Other guarantees	40	32,122,188	21,873,697
5. Other commitments	40	30,337,607	26,392,728

Preparer *llh*

Approver





Le Nhu Hoa
Head of Financial Accounting
Management Department

Nguyen Hai Hung
Chief Accountant

Tran Minh Binh
Deputy General Director

21 March 2016

SEPARATE INCOME STATEMENT

For the year ended 31 December 2015

FORM B 03/TCTD
Unit: Million VND

NO. ITEMS	Notes	2014	
		2015	Restated
1. Interest and similar income	27	42,054,991	41,049,944
2. Interest and similar expenses	28	(23,644,103)	(23,549,642)
I. Net interest income		18,410,888	17,500,302
3. Income from services		2,045,085	1,720,987
4. Expenses on services		(854,163)	(730,836)
II. Net profit from services	29	1,190,922	990,151
III. Net gain from trading foreign currencies	30	10,970	384,926
IV. Net gain from trading securities	31	142,456	191,627
V. Net gain/(loss) from investment securities	32	54,235	(120,888)
5. Other operating income		3,970,441	3,688,571
6. Other operating expenses		(1,873,309)	(2,330,066)
VI. Net profit from other activities	33	2,097,132	1,358,505
VII. Income from capital contribution, equity investments	34	332,029	307,419
VIII. Operating expenses	35	(10,320,484)	(9,565,054)
IX. Net profit from operating activities before credit provision expenses		11,918,148	11,046,988
X. Provision expenses for credit losses		(4,654,631)	(3,880,794)
XI. Profit before tax		7,263,517	7,166,194
7. Current corporate income tax expense	36	(1,545,426)	(1,511,704)
XII. Corporate income tax expense	36	(1,545,426)	(1,511,704)
XIII. Profit after corporate income tax		5,718,091	5,654,490

Preparer 

Approver


Le Nhu Hoa
Head of Financial Accounting
Management Department


Nguyen Hai Hung
Chief Accountant




Tran Minh Binh
Deputy General Director

21 March 2016

The notes set out from pages 11 to 78 are an integral part of these separate financial statements

SEPARATE CASH FLOW STATEMENT

For the year ended 31 December 2015

FORM B 04/TCTD
Unit: Million VND

NO. ITEMS	2015	2014 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
01. Interest and similar income received	42,055,617	38,402,054
02. Interest and similar expenses paid	(23,480,465)	(22,149,343)
03. Service income received	1,106,563	928,368
04. Net cash received from trading foreign currencies, gold and securities	1,496,874	565,526
05. Other expenses	(391,695)	(790,544)
06. Receipts from debts written-off or paid off by risk fund	2,212,265	1,182,982
07. Payments to employees and for operating management	(9,517,824)	(8,925,341)
08. Corporate income tax paid	(1,634,743)	(1,542,919)
Net cash from operating profit before movements in assets and working capital	11,846,592	7,670,783
<i>Movement in operating assets</i>	<i>(128,763,554)</i>	<i>(70,591,062)</i>
09. Decrease in deposits at and loans to other credit institutions	5,906,839	5,672,695
10. (Increase) in trading securities	(27,047,846)	(5,033,484)
11. Decrease in derivatives and other financial assets	-	164,334
12. (Increase) in loans to customers	(103,032,413)	(69,797,581)
13. (Decrease) in provisions for losses	(3,528,017)	(1,897,454)
14. (Increase)/Decrease in other operating assets	(1,062,117)	300,428
<i>Movement in operating liabilities</i>	<i>118,152,886</i>	<i>81,388,161</i>
15. Increase in borrowings from the Government and the State Bank of Vietnam	8,474,115	4,584,032
16. (Decrease)/Increase in deposits and borrowings from other credit institutions	(3,674,412)	23,304,855
17. Increase in deposits from customers (including State Treasury)	68,721,285	59,665,386
18. Increase/(Decrease) in issued valuable papers (excluding issued valuable papers charged to financial activities)	15,566,424	(11,270,693)
19. Increase/(Decrease) in grants, trusted funds and borrowings at risk of the credit institution	22,401,471	(1,030,771)
20. (Decrease)/Increase in derivatives and other financial liabilities	(298,159)	415,778
21. Increase in other operating liabilities	6,962,510	5,719,609
22. Cash outflows from reserves of the credit institution	(348)	(35)
I. Net cash from operating activities	1,235,924	18,467,882

The notes set out from pages 11 to 78 are an integral part of these separate financial statements

SEPARATE CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2015

FORM B 04/TCTD
Unit: Million VND

NO. ITEMS	2015	2014 Restated
CASH FLOWS FROM INVESTING ACTIVITIES		
01. Acquisition of fixed assets	(1,865,168)	(3,155,563)
02. Proceeds from sales, disposal of fixed assets	233,121	1,250,025
03. Expenses on sales, disposal of fixed assets	(18,286)	-
04. Investments in other entities	(1,297,511)	-
05. Proceeds from investments in other entities	17,705	-
06. Dividends and profit received from long-term investments and capital contribution	496,626	48,307
II. Net cash (used in) investing activities	(2,433,513)	(1,857,231)
CASH FLOWS FROM FINANCING ACTIVITIES		
01. Dividends paid	(3,723,405)	(3,723,405)
III. Net cash (used in) financing activities	(3,723,405)	(3,723,405)
IV. Net (decrease)/increase in cash and cash equivalents	(4,920,994)	12,887,246
V. Cash and cash equivalents at the beginning of the year	87,008,802	74,109,396
VI. Effects of changes in foreign exchange rates	15,373	12,160
VII. Cash and cash equivalents at the end of the year (Note 37)	82,103,181	87,008,802

Supplemental non-cash disclosures

Dividends and profit received from long-term investments and capital contribution during the year exclude an amount of VND 174,533 million, representing profit allocation from subsidiaries during the year that have not yet actually been paid. Consequently, changes in other operating assets have been adjusted by the same amount.

On 08 July 2015, the Bank upgraded Laos Branch of the Bank to VietinBank (Lao) Limited, and handed over assets from Laos Branch to VietinBank (Lao) Limited. Consequently, changes in other operating assets and other operating liabilities have been adjusted by the same amounts as assets and liabilities handed over.

Preparer *the*

Approver





Le Nhu Hoa
Head of Financial Accounting
Management Department

Nguyen Hai Hung
Chief Accountant

Tran Minh Binh
Deputy General Director

21 March 2016

The notes set out from pages 11 to 78 are an integral part of these separate financial statements

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FORM B05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

1. GENERAL INFORMATION

Vietnam Joint Stock Commercial Bank for Industry and Trade (herein referred to as the “Bank” or “VietinBank”) is a joint stock commercial bank incorporated in the Socialist Republic of Vietnam.

Establishment and operation

The Bank was established from the equitisation of Vietnam Bank for Industry and Trade - a State-owned commercial bank which had been established in accordance with Decision No. 402/CT dated 14 November 1990 by the President of Ministerial Council and subsequently reorganised into State-owned corporation in accordance with Decision No. 285/QD-NH5 dated 21 September 1996 by the Governor of the State Bank of Vietnam (the “SBV”). On 25 December 2008, Vietnam Bank for Industry and Trade successfully undertook its Initial Public Offering.

The Bank was equitised and renamed as Vietnam Joint Stock Commercial Bank for Industry and Trade on 03 July 2009 under License of Establishment and Operation No. 142/GP-NHNN dated 03 July 2009, issued by the State Bank of Vietnam and Business Registration Certificate No. 0103038874 dated 03 July 2009 issued by Hanoi Authority for Planning and Investment. On 29 April 2014, Hanoi Authority for Planning and Investment issued the tenth amended Business Registration Certificate No. 0100111948 to the Bank.

The Bank’s main activities are to provide banking services including mobilizing and receiving short-term, medium-term, and long-term deposits from organisations and individuals; making short-term, medium-term, and long-term loans to organisations and individuals based on the nature and capability of the Bank’s sources of capital; providing settlement services among organisations and individuals; conducting foreign exchange transactions, international trade funding services, discounting commercial papers, bonds and other valuable papers, and providing other banking services allowed by the SBV.

Charter capital

The Bank’s charter capital under the License of Establishment and Operation No. 142/GP-NHNN dated 03 July 2009 is VND 11,252,973 million, of which State-owned capital is VND 10,040,855 million and capital raised from the Initial Public Offering is VND 1,212,118 million.

On 18 October 2010, the Bank completed its share issuance with 391,931,841 shares additionally issued, of which 76,848,603 shares were issued in form of share dividend payment and 315,083,238 shares were sold to the Bank’s shareholders.

On 10 March 2011, the Bank completed its share issuance to a strategic shareholder with the total number of new issued shares of 168,581,013.

On 28 December 2011, the Bank completed its share issuance to the existing shareholders with the total number of new issued shares of 337,162,027.

On 13 April 2012, the Bank completed its share issuance to the existing shareholders with the total number of new issued shares of 598,782,376.

On 14 May 2013, the Bank completed its share issuance to Bank of Tokyo Mitsubishi UFJ, Ltd. with the total number of new issued shares of 644,389,811.

On 22 October 2013, the Bank completed its share issuance to the existing shareholders with the total number of new issued shares of 457,260,208.

Accordingly, as at 31 December 2015, the Bank’s charter capital is VND 37,234,046 million.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

1. GENERAL INFORMATION (Continued)

The branch network

The Head Office of the Bank is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2015, the Bank has one (01) Head Office, one (01) Trade Finance Center, three (03) administrative units, two (02) local representative offices, one (01) overseas representative office in Myanmar and one hundred and fifty one (151) branches (including two (02) overseas branches).

Subsidiaries

As at 31 December 2015, the Bank has seven (7) subsidiaries and one (1) subsidiary bank as follows:

No.	Name	Established in accordance with Decision No.	Business sector	% of ownership held by the Bank
1	VietinBank Leasing Company Ltd.	0101047075/GP dated 10 March 2011 by Hanoi Authority for Planning and Investment	Banking and finance	100% ^{sss}
2	VietinBank Securities Joint Stock Company	107/UBCK-GP dated 01 July 2009 by State Securities Commission of Vietnam	Capital market	76%
3	VietinBank Debt Management and Asset Exploitation Company Ltd.	0302077030/GP dated 20 July 2010 by Department of Planning and Investment of Ho Chi Minh City	Asset management	100%
4	VietinBank Insurance Company Ltd.	21/GPDC6/KDBH dated 21 April 2009 by the Ministry of Finance	Non-life insurance	100%
5	VietinBank Gold and Jewelry Trading Company Ltd.	0105011873/GP dated 25 November 2010 by Hanoi Authority for Planning and Investment	Gold and gemstones manufacturing and trading	100%
6	VietinBank Fund Management Company Ltd.	50/UBCK-GP dated 26 October 2010 and 05/GPDC-UBCK dated 23 March 2011 by State Securities Commission of Vietnam (SSC)	Fund management	100%
7	VietinBank Global Money Transfer Company Ltd.	0105757686 dated 03 January 2012 by Hanoi Authority for Planning and Investment	Money transfer intermediary	100%
8	VietinBank Lao Limited	068/NHCHDCNDL dated 08 July 2015 by the People's Democratic Republic Bank of Laos	Banking and finance	100%

Employees

The total number of employees of the Bank as at 31 December 2015 is 20,079 (as at 31 December 2014: 19,059).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying separate financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. However, due to the Bank's large scale of operations, for the purpose of preparing these separate financial statements, the figures are rounded to and presented in millions of Vietnam Dong (million VND). This presentation does not materially impact the separate financial statements in terms of the separate financial position, the results of operations and cash flows. With regard to the number of shares, the Bank presented the items in unit as shown in Note 26.

The accompanying separate financial statements are not intended to present the separate financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Bank's financial year begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN

On 21 January 2013, the State Bank of Vietnam ("SBV") issued Circular No. 02/2013/TT-NHNN ("Circular 02") on classification of assets, provisioning and use of provisions against credit risks in banking activity by credit institutions and branches of foreign banks. The Circular replaces Directive No. 05/2005/CT-NHNN dated 26 April 2005 of the State Bank Governor on classification of debts and provisioning against credit risks under Decision No. 493/2005/QD-NHNN ("Decision 493") dated 22 April 2005 of the State Bank Governor; Decision No. 780/QD-NHNN ("Decision 780") dated 23 April 2012 of the Governor on classification of re-scheduled loans; Decision No. 493/2005/QD-NHNN dated 22 April 2005 of the Governor promulgating regulations on classification of debts, provisioning and use of provisions against credit risks in banking activity by credit institutions; Decision No. 18/2007/QD-NHNN ("Decision 18") dated 25 April 2007 of the State Bank Governor amending and supplementing a number of articles of Regulations on classification of debts, provisioning and use of provisions against credit risks in banking activity by credit institutions regulated in Decision No. 493/2005/QD-NHNN dated 22 April 2005. On 18 March 2014, the SBV issued Circular No. 09/2014/TT-NHNN ("Circular 09") amending and supplementing a number of articles of Circular No. 02/2013/TT-NHNN above. Circular 02 takes effect from 01 June 2014 with some articles taking effect after 01 January 2015, as follows:

Within up to 05 (five) days since Credit Information Center of Vietnam (CIC) generated the customer list as prescribed, credit institutions, foreign bank branches have to suggest CIC on providing the list, utilise the customer group categorized by CIC to adjust loan classification results, off-balance sheet commitments on the principle: if the debt and the off-balance sheet commitments to customers are classified to lower risk level than the list provided by CIC, credit institutions and branches of foreign banks will have to adjust loan classification results, off-balance sheet commitments according to the loan group classified by CIC; set up sufficient provision and use of provision against credit risks in accordance with regulations.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

3. ADOPTION OF NEW ACCOUNTING GUIDANCE (Continued)

Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN (Continued)

Effect of applying customer group classified by CIC to adjust loans, off-balance sheet commitments classification results and set up sufficient provision under these Circulars for some main items on the separate financial statements of the Bank for the year ended 31 December 2015 are as follows:

Items	According to loan classification and provision-making effective before 01 January 2015	According to loan classification and provision-making effective after 01 January 2015	Effect of applying the CIC classification information for loan classification
Loans to customer	Loan classification and provision-making according to Circular 02 and Circular 09.	Use of customer group classified by CIC to adjust loan classification results and set up sufficient provision if the current group has lower risk level than that classified by CIC.	Loans to customers which are classified to lower risk level than the list provided by CIC will have to be reclassified and set up sufficient provision.
Off-balance sheet commitments	Classification according to Circular 02 and Circular 09 for quality management and supervision of credit activities but no provision-making.	Use of customer group classified by CIC to adjust off - balance sheet commitments classification results for quality management and supervision of credit activities if the current loan group has lower risk than that classified by CIC.	Off-balance sheet commitments which are classified to lower risk level than the list provided by CIC will have to be reclassified for quality management and supervision of credit activities. However, there is no requirement of provision-making for off - balance sheet commitments.
Provision expenses for credit losses	Provision expenses for credit losses of loans to customers based on classification according to Circular 02 and Circular 09.	Provision expenses for credit losses of loans to customers basing on debt classification after adjustments per customer group classified by CIC if the current customer group has lower risk than that is classified by CIC's list.	Provision expenses for credit losses of loans to customers are set up based on the customer group having the highest risk level as per information provided by CIC.

Regulation on repayment period restructuring and debt group maintaining in paragraph 3a, Article 10 of Circular 02 has officially expired from 01 April 2015. Accordingly, the Bank is not allowed to reschedule the term of repayment period and maintain debt group stipulated as in paragraph 3a, Article 10.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

3. ADOPTION OF NEW ACCOUNTING GUIDANCE (Continued)

Circular No. 49/2014/TT-NHNN

On 31 December 2014, the State Bank of Vietnam issued Circular No. 49/2014/TT-NHNN ("Circular 49") amending and supplementing some articles of the financial reporting regime for credit institutions, issued together with Decision No. 16/2007/QD-NHNN dated 18 April 2007 ("Decision 16") and the account system of credit institutions, issued together with Decision No. 479/2004/QD-NHNN dated 29 April 2004 by the Governor of the State Bank. This Circular takes effect from 15 February 2015. The Bank has adopted Circular 49 for these separate financial statements for the year ended 31 December 2015.

Effect of applying the Circular to some main items on the separate financial statements for the year ended 31 December 2015 are as follows:

Items	According to former financial reporting regime	According to new financial reporting regime	Effect of applying Circular 49
Interest and similar income	Exclude Income from guarantee activities.	Include Income from guarantee activities.	Reclassification of Income from guarantee activities from Income from services to Interest and similar income according to the guidance in Circular 49.
Income from services	Include Income from guarantee activities.	Exclude Income from guarantee activities.	Reclassification of Income from guarantee activities from Income from services to Interest and similar income according to the guidance in Circular 49.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

3. ADOPTION OF NEW ACCOUNTING GUIDANCE (Continued)

Circular No. 49/2014/TT-NHNN (Continued)

Items	According to former financial reporting regime	According to new financial reporting regime	Effect of applying Circular 49
Net gain/loss from investment securities	No detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the year.	Detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the year.	Expense related to provision for special bonds issued by VAMC in the year is not included in corresponding provision expense for security trading to deduct (-) when calculating Net gain/loss from trading securities according to the guidance in Circular 49.
Other operating expenses	Exclude loan purchasing expense.	Include loan purchasing expense.	Reclassify loan purchasing expense from Operating expense to Other operating expense according to the guidance in Circular 49.
Provision expense for credit losses	No detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the year.	Detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the year.	Include expense related to provision for special bonds issued by VAMC in the year according to the guidance in Circular 49.
Off-balance sheet items	Include: - Credit guarantee - Letters of credit - Other guarantees - Financing commitments to customers - Other commitments	Include: - Credit guarantee - Foreign exchange transactions commitments - Buying/Selling foreign currency commitments - Cross currency swap contracts - Future commitments - Irrevocable loan commitments - L/C commitments - Other guarantees - Other commitments	Addition of new items: - Foreign exchange transactions commitments - Buying/Selling foreign currency commitments - Cross currency swap contracts - Future commitments - Irrevocable loan commitments Removal of items: - Financing commitments to customers.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Bank in the preparation of these separate financial statements, are as follows:

Estimates

The preparation of the separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the separate financial statements and the reported amounts of revenues and expenses during the year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents comprise cash and cash equivalents on hand, demand deposits, balances with the State Bank of Vietnam, placements with other credit institutions (including demand deposits and term deposits not exceeding three months) and securities which are expected to be realised or matured not exceeding three months from the date of purchase, Government treasury bills and other short-term valuable papers eligible for re-discounting with the State Bank of Vietnam.

Loans to customers

Loans to customers are stated at their outstanding principal amounts as at the balance sheet date except for the loans which are unable to be recovered and are written off. According to Circular 02, the Bank has to establish Risk Settlement Committee in order to decide the use of provision against credit risks in the following cases:

- Customer is an organization which is dissolved, goes bankrupt as prescribed by law, or an individual who dies or is missing;
- Loans which are classified to Group 5.

Provision for credit losses

In accordance with Law on Credit Institutions No. 47/2010/QH12 effective from 01 January 2011, Decision No. 1627/2001/QD-NHNN dated 31 December 2001 of the Governor of the State Bank on lending regulations of credit institutions, Decision No. 127/2005/QD-NHNN dated 03 February 2005 amending and supplementing to a number of articles of lending regulations under Decision No. 1627/2001/QD-NHNN, Circular 02 stipulating classification of assets, levels and method of provisioning and use of provision against credit risk in banking activities by credit institutions and branches of foreign banks issued by the Governor of the State Bank and Circular 09 amending a number of articles of Circular 02, credit institutions are required to classify loans and make provisions for credit losses. Accordingly, the classification and provision-making for credit losses under guidance of Circular 02 and Circular 09 are applied for the following assets:

- Loans;
- Finance leases;
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit facilities under form of credit card issuance;

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for credit losses (Continued)

- Amounts payable on behalf of customers under off-balance sheet commitments;
- Cost and entrusted amounts for purchase of corporate bonds unlisted on the stock market or unregistered for trading on trading market of unlisted public companies (Upcom) (hereinafter referred to as unlisted bonds), excluding purchase of unlisted bonds by entrustment amount which the trustors bear risks;
- Entrusted credit facilities;
- Deposits (excluding demand deposits) at domestic credit institutions, Vietnam-based foreign bank branches as prescribed by law and deposits at foreign credit institutions.

Accordingly, customers risk category is the one with the highest risk level when the Bank simultaneously classifies loans based on Articles 10 and 11 - Circular 02 and the loan category provided by Credit Information Centre ("CIC") of the State Bank of Vietnam at the time of loans classification. Specifically, Article 10 of Circular 02 requires classifications of loans and off-balance-sheet commitments are made under qualitative methods; Article 11 of Circular 02 requires the Bank to classify loans and off-balance-sheet commitments based on internal credit ranking of the Bank as approved by the State Bank of Vietnam. Loans are classified into the following risk levels: Current, Special-mentioned, Substandard, Doubtful and Loss. Bad debts are Substandard, Doubtful and Loss.

Specific provision is made for the potential losses of each loan and established based on the net exposure for each individual customer using the prescribed provision rates applicable to that loan classification as follows:

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

Credit risk exposure of loans to customers is calculated by subtracting from the loan balance the related determined value of collateral which is subject to certain accepted discount rates in accordance with Circular 02. Loan classification is to be made at the end of each quarter for the first three quarters and on 30 November for the last quarter of each financial year.

General provision is made for credit losses which are yet to be identified during the loan classification. Accordingly, the Bank is required to make and maintain a general provision at 0.75% of total of loan exposures that are classified in groups 1 to 4, except for deposits at domestic credit institutions and Vietnam-based foreign bank branches as provided by law, and deposits at foreign credit institutions, loans, valuable papers repurchased and reverse-repurchased from other credit institutions and foreign bank branches in Vietnam.

These provisions are recorded in the separate income statement as an expense and will be used to write off any credit losses incurred. The Bank writes off loans if they are classified under Group 5 or if the borrowers are legal entities that are liquidated or go bankrupt, or if borrowers are individuals who pass away or are missing.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Trading securities

Trading securities include debt securities, equity securities and other securities that the Bank purchases and intends to sell in short term (less than 1 year) in order to gain profits from price fluctuation. Trading securities are initially recognised at cost at the transaction date and subsequently carried at cost.

Interests received while holding trading securities are recorded in the separate income statement on the cash basis. Dividends are recognized in the separate income statement when there is an official decision on the distributable dividends.

Investment securities

Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities that the Bank purchases for investment purpose in order to gain interest and the Bank has intention and ability to hold the securities until maturity. Held-to-maturity securities have fixed or determinable payments and fixed maturities. In case the securities are sold before maturity, such securities will be reclassified to trading or available-for-sale securities.

Held-to-maturity investment securities are initially recognised at par value as at the transaction date, accumulative interest income before the purchasing date (for debt securities with interest paid in arrears) or interest income received upfront awaiting amortisation (for debt securities with interest paid in advance) is recorded in a separate account. Any discount or surplus which is the difference between par value and the amount equal to par value plus (+) accumulative interest income before the purchasing date (if any) for debt securities with interest paid in arrears or minus (-) interest income received upfront awaiting amortisation (if any) for debt securities with interest paid in advance is also recorded in a separate account.

In subsequent period, held-to-maturity investment securities are recognised at par value. Any discount or surplus (if any) is amortised to the separate income statement using the straight-line method over the estimated remaining term of securities. Interest paid in arrears is recorded on the basis: accumulative interest income before the purchasing date is recorded as a decrease in value of such securities and the same amount is credited into accrued interest; accumulative interest income after the purchasing date is recognised as the Bank's income, based on the accumulated method. Interest received upfront is recognised and amortised to net gain from investments in securities using straight-line method over the investment period.

With regard to special bonds resulting from debts trading transactions between Vietnam Asset Management Company ("VAMC") and credit institutions

Pursuant to Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 of the State Bank of Vietnam guiding the accounting treatment of the bad debts trading transactions between VAMC and credit institutions, when the Bank involves in bad debts selling transactions to receive special bonds from VAMC and the formal selling procedures are completed, the Bank will record the special bonds received from VAMC on the "Held-to-maturity investment securities" account.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment securities (Continued)

With regard to special bonds resulting from debts trading transactions between Vietnam Asset Management Company ("VAMC") and credit institutions (Continued)

Periodically, the Bank shall determine and make provision for impairment of those special bonds in accordance with the regulations stipulated in Decree No. 53/2013/ND-CP ("Decree 53") dated 18 May 2013 of the Government, Circular No. 19/2013/TT-NHNN dated 06 September 2013 ("Circular 19") and Circular No. 14/2015/TT-NHNN dated 28 August 2015 of the State Bank of Vietnam on amendments to some articles of Decree 53 and Circular 19. Accordingly, during the term of the special bonds, the Bank shall record the provision for impairment of those special bonds in the operating expenses. Within 05 working days prior to the date corresponding to the maturity date of the special bonds, the Bank shall make specific minimum provision for each special bond calculated on annual basis by the following formula:

Special provision made in the year = (Par value of the special bond x Number of years from issuance of special bonds to provision time)/Term of the special bond - Accumulated bad debt collection at the date of provision - Accumulated specific provision for special bonds.

The Bank is not required to make general provision for special bonds.

The special bonds are redeemed in the following cases:

- a) The loan loss provision made for special bonds is not lower than the carrying amount of outstanding principal of the bad debts being recorded by VAMC, including the cases below:
 - (i) VAMC sells bad debts to other organizations and individuals, including the bad debts bought with special bonds to debt-selling credit institutions at market prices or agreed prices;
 - (ii) VAMC converts a portion or the whole amount of bad debts bought into charter capital, share capital of borrowers being enterprises.
- b) The special bonds are matured: When the special bonds are redeemed and the Bank receives the previously sold debts from VAMC, the Bank might use the provision made annually for special bonds to settle bad debts. The difference between provisions made for special bonds and unrecoverable amount of debts is recorded as "Other operating income" in the separate income statement.

Available-for-sale investment securities

Available-for-sale investment securities include debt and equity securities that the Bank holds for investment purpose and that are ready for sale. These securities are not frequently traded but could be sold at any time once they are profitable, and the Bank is neither founding shareholder nor strategic partner nor capable of controlling, to some extent, the process of initiating and approving financial and operational policies of the investee by a written agreement on delegating personnel to take part in the Board of Directors/Board of Management.

Available-for-sale equity securities are initially recognised at cost as at the transaction date and subsequently carried at cost.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment securities (Continued)

Available-for-sale investment securities (Continued)

Available-for-sale debt securities are initially recognised at par value as at the transaction date. Accumulative interest income before the purchasing date (for debt securities with interest paid in arrears) or interest income received upfront awaiting amortisation (for debt securities with interest paid in advance) is recorded in a separate account. Any discount or premium which is the difference between the cost and the amount equal to par value plus (+) accumulative interest income before the purchasing date for debt securities with interest paid in arrears or minus (-) interest income received upfront awaiting amortisation for debt securities with interest paid in advance is also recorded in a separate account. Subsequently, available-for-sale debt securities are recorded at par value less/plus remaining discount/premium after being amortised to the separate income statement using the straight-line method over the remaining term of securities.

Interest paid in arrears is recorded on the basis: accumulative interest income before the purchasing date is recorded as a decrease in value of such securities and the same amount is credited into the accrued interest income; accumulative interest income after the purchasing date is recognised as the Bank's income based on an accrual basis. Interest received upfront is amortised to net gain from investments in securities using the straight-line method over the investment period.

Provisions for impairment of trading securities and investment securities

For special bond issued by Vietnam Asset Management Company in order to buy the bad debts of credit institutions, provisions are made and utilised in accordance with Circular No. 19/2013/TT-NHNN dated 06 September 2013 issued by the Governor of the State Bank of Vietnam on the purchase, sale and settlement of bad debts of Vietnam Asset Management Company and other relevant regulations.

Unlisted corporate bonds are classified and made provision in accordance with Circular 02 and Circular 09 (similar to loans represented in **Provision for credit losses**).

Except for the cases mentioned above, provisions for impairment of such securities are made in accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009, and guidance under Circular No. 228/2009/TT-BTC dated 07 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 amending and supplementing Circular No. 228/2009/TT-BTC issued by the Ministry of Finance. Accordingly, for listed securities, the Bank determined the value of the investments using closing prices in the active market as at the separate balance sheet date; for unlisted and liquid equity securities, the Bank collected direct quotations from three securities companies having charter capital of more than VND 300 billion each at the end of the year to determine the value of the investments. When market price increases, the gain will be offset against, but not exceed the provision made previously. The excessive amount is not recorded as income until the securities are sold.

Investments in subsidiaries

Investments in subsidiaries over which the Bank has control are initially recorded using the historical cost method. Historical cost comprises amount of capital contributed plus other costs to maintain its ownership of the investments. The profit distribution that the Bank receives from the accumulated profits of the subsidiaries after effective date of the Bank's control over the subsidiaries is recorded in the Bank's separate income statement. Other distributions received are deducted from the cost of the investments as recoverable amounts.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investments in joint ventures

A joint venture is a contractual arrangement whereby the Bank and other parties undertake an economic activity that is subject to joint control, i.e., strategic financial and operating policy decisions related to the activities require the unanimous consent of the parties sharing control.

The Bank's investments in joint ventures are stated at cost that includes contributed capital and other expenses for maintaining its ownership of the investments. The profit distributions from accumulated profits of the joint ventures after the Bank's joining date in the ventures are recorded in the Bank's separate income statement. Other distributions received are deducted from the cost of the investments as recoverable amounts.

Other long-term investments

Other long-term investments represent the investments in unlisted equity securities and other entities in which the Bank has no significant influence, control or joint control over the investee. The long-term investments are recognised at cost less provision (if any).

Provision for impairment of long-term investments is made when the investees make losses (except that such losses were intended in the entities' original business plans) in accordance with Circular No. 228/2009/TT-BTC ("Circular 228") dated 07 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 amending and supplementing Circular 228 issued by the Ministry of Finance. Accordingly, provision to be made (if any) is the difference between the Bank's actual contributed capital to the investees and the Bank's share of the owner's equity of the investee. Provision for impairment of long-term investments is recorded as an operating expense in the Bank's separate income statement.

Recognition

The Bank records investment securities and other investments at the date when contracts are signed and effective (transaction-date based policy).

Investment securities and other investments are initially recorded at cost. After initial recording, investment securities and other investments are recorded under the above accounting policies. An investment in securities can be reclassified once only (as guided in Dispatch No. 2601/NHNN-TCKT of the SBV dated 14 April 2009 on checking up classification and making provisions for impairment of financial investments).

De-recognition

Investments in securities are derecognised when the rights to receive cash flows from the investments are ended or when the Bank has transferred significant risks and benefits attached to the ownership of the investments.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Repurchase and Reverse Repurchase Agreements

Securities sold under agreements to repurchase at a specific date in the future (repos) are recorded in the separate financial statements. The corresponding proceed received is recognised in the separate balance sheet as a liability. The difference between the sale price and repurchase price is amortised to the separate income statement over the agreement validity period using the straight-line method based on the contractual interest rate.

Conversely, securities purchased under agreements to resell at a specific date in the future (reverse repos) are not recognised in the separate financial statements. The corresponding cash payment is recognised in the separate balance sheet as an asset. The difference between the purchasing price and resale price is amortised to the separate income statement over the agreement validity period using the straight-line method based on the contractual interest rate.

Trust activities and trusted funds

The Bank's trust activities include discretionary investment trusts and client-directed investment trusts. The value of investment trust and trusted funds received are recorded when the trust contracts have been signed and trusted funds have been realised. Rights and obligations of the trustor and trustee relating to profit and profit sharing, trust fee, other rights and obligations are in compliance with the terms of the contracts. The assets that are held under custody services are not assets of the Bank and therefore, they are not included in the separate balance sheet.

Tangible fixed assets and depreciation

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

Tangible fixed assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Estimated useful lives</u> <u>(Years)</u>
Buildings and structures	05 - 40
Machinery and equipment	03 - 07
Motor vehicles	06 - 07
Other tangible fixed assets	04 - 25

Loss or gain resulting from sales and disposals of tangible fixed assets which is the difference between proceeds from sales or disposals of assets and their residual values together with their disposal expenses is recognised in the separate income statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets and amortisation

Intangible assets comprise land use rights and other intangible assets which are stated at cost less accumulated amortisation. Land use rights granted with indefinite term are not amortised; other intangible assets are amortised using the straight-line method over the period from 03 years to 05 years. Land use rights granted with definite term are amortised over granted periods of land use.

Loss or gain resulting from sales and disposals of intangible assets which is the difference between proceeds from sales or disposals of assets and their residual values together with their disposal expenses is recognised in the separate income statement.

Leasing

Leases are classified as operating leases whenever the lessor retains substantially all the risks and rewards of ownership pertaining to the lease.

The Bank as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred for obtaining income from operating leases are recorded immediately in profit or loss when incurred or allocated to expenses over the lease term in accordance with the recognition from operating leases.

The Bank as lessee

Rental payable under operating lease are charged to the separate income statement on a straight-line basis over the term of the relevant lease.

Prepayments

Prepayments comprise prepaid expenses for office rental and other prepaid expenses.

Office rental expense represents the amount which has been prepaid to lease the office. Prepaid expense for office rental is amortised to the separate income statement using the straight-line method over the prepaid rental period.

Other long-term prepayments include repair, maintenance cost for assets, tools and supplies issued for consumption and prepaid service charges and other prepayments which are considered to bring future economic benefits to the Bank. These expenses are charged to the separate income statement, using the straight-line method over the prepayment term in accordance with prevailing accounting regulations, but not exceeding three years for repair, maintenance cost for assets, and not exceeding two years for tools and supplies issued for consumption or over the time of service for prepaid service fee.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other receivables

Other receivables apart from receivables from credit activities in the Bank's operations are initially recognised at cost and subsequently carried at cost.

Other receivables are subject to review for impairment provision which is made based on the overdue status or based on the expected loss for the following cases: institutional debtors which have fallen into bankruptcy or have been in the process of dissolution; or individual debtors who are missing, escaping, being prosecuted, on trial or pass away even though loans are not overdue. Provision expense incurred is recorded as operating expenses in the separate income statement during the year.

The Bank makes provision for overdue receivables in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance.

Accordingly, provisions for overdue receivables at the end of the financial year are made based on the following provision rates applied to receivables as at balance sheet date after deducting the value of evaluated collaterals.

Overdue status	Rate of provision
From 6 months to below 1 year	30%
From 1 year to below 2 years	50%
From 2 years to below 3 years	70%
From 3 years and above	100%

Capital and reserves

Common stocks

Common stocks are classified as owners' equity.

Share premium

When capital is received from shareholders, the difference between selling price and par value is recorded as share premium in owners' equity. Incurred expenses that directly relate to issuance of common stocks are recognised as a decrease in the share premium in the owners' equity.

Treasury shares

When issued stocks are repurchased, the aggregate amount paid, including expenses that directly relate to the repurchase of stocks, after deducting taxes, is recorded as treasury shares and stated as a decrease in owners' equity.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital and reserves (Continued)

Reserves

Reserves are used for specific purposes and are appropriated from the Bank's profit after tax based on the following regulated ratios:

- Charter capital supplementary reserve: 5% of profit after tax but not exceeding the Bank's charter capital;
- Financial reserve fund: 10% of profit after tax but not exceeding 25% of the Bank's charter capital;
- Bonus fund for the Board of Management, bonus and welfare funds are established in accordance with the Decisions approved in the General Shareholders' Meetings;
- Other reserves: established in accordance with current regulations and the Decisions approved in the General Shareholders' Meetings.

These reserve funds are appropriated at the closing date of each financial year.

Revenue and expenses

Interest income

Interest income is recorded on an accrual basis for the loans which are identified as being able to claim both principals and interests on time and the Bank is not required to appropriate provisions according to prevailing regulations. The interest amounts which have been recorded as income, in the event that the customer could not pay both principal and interest on the maturity date, would be recorded as a decrease in the income from operating activities and shall be tracked as off-balance sheet items to urge the collection of those loans. When collected, interests are recorded as income from operating activities.

The accrued interest income arising from the loans that are classified from either group 2 to group 5 during the year is not recognised in the separate income statement. Accrued interest income of impaired loans is recorded as off-balance sheet item and is only recognised in the separate income statement when it is actually received.

Borrowing costs

Borrowing costs are recorded in the separate income statement on the accrual basis.

Income and expense from other services

Income and expense from other services are recognised on the cash basis.

Recognition of dividends and profit received

Dividends received in cash and profit received from investment activities and capital contribution are recorded in the separate income statement when the Bank's right to receive dividends and profit have been established. Stock dividends, which are distributed from profits of joint-stock companies, are not recognised in the separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

According to the Bank's accounting system, all transactions are recorded in the original currency. Income and expense arising in foreign currency during the year are translated into VND at interbank exchange rate quoted by the State Bank of Vietnam for USD and at bank transfer rate for other foreign currencies at the end of the transaction date. Monetary assets, liabilities and the balance of equity reserves at foreign branches denominated in foreign currencies as at the balance sheet date are translated into VND using the above exchange rate as at the balance sheet date (see list of applicable exchange rates of foreign currencies against VND as at 31 December 2015 in Note 52). Foreign exchange differences arising from the translation of monetary assets and liabilities denominated in foreign currencies into VND as at the balance sheet date are recognised in the separate income statement.

Other provisions

Other provisions are recognised when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Other provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are non-taxable or non-deductible.

Deferred tax is recognised on temporary differences between carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all temporary differences except that deferred tax liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit (or tax loss) at the transaction date. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable and deferred tax is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

Post-employment benefits

When retiring, employees of the Bank are entitled to receive post-employment benefits from the Social Insurance Fund and a 2-month payment based on the average of actual monthly salary and cost of living allowance of 6 months adjacent to the date of employees' retirement paid by the Bank (appropriated from the Bank's provision for salary reserve).

Employees who are forced to early retire as a part of employment rearrangement are entitled to receive a half of the Social Security Wage Base for one year (12 months) of employment and a half of the Social Security Wage Base for each month of early retirement period (maximum of 48 months of early retirement).

Resignation allowance

The severance allowance for employees is accrued at the end of each reporting period for all employees having worked at the Bank for full 12 months and above. Working time serving as the basis for calculating severance allowance shall be the total actual working time subtracting the time when the employees have made unemployment insurance contributions as prescribed by law, and the working time when severance allowance has been paid to the employees. The allowance made for each year of service equals to a half of an average monthly salary under the Vietnamese Labour Code, Social Insurance Code and relevant guiding documents. The average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the date of the financial statements at the end of each reporting period. The increase or decrease in the accrued amount shall be recorded in the separate income statement.

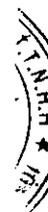
Unemployment allowance

In accordance with Circular No. 04/2009/TT-BLDTBXH dated 22 January 2009 providing guidance for implementation of Decree No. 127/2008/ND-CP dated 12 December 2008 on Unemployment Insurance, since 01 January 2009, the Bank has contributed to the Unemployment Insurance Fund an amount equal to 1% of its employees' basic salary.

Derivatives

Forward, swap and future contracts

For currency forward, swap and future contracts, the difference of VND amounts equivalent to the foreign currencies committed for trading between forward exchange rate and spot exchange rate as at effective date of the contract is recognised as an asset - "Interest receivables from derivative financial instruments" when it is positive, or as a liability - "Interest payables from derivative financial instruments" when it is negative. The difference is subsequently amortised in the separate income statement as "Net gain/loss from trading foreign currencies" over contractual terms. Commitments of currency forward and future contracts are revalued on a monthly basis at interbank exchange rate quoted by the State Bank of Vietnam for USD and at bank transfer rate for other foreign currencies and recorded in foreign exchange reserve and then transferred to "Net gain/loss from trading foreign currencies" at the balance sheet date.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivatives (Continued)

Currency option contracts

Commitment amount for the currency option contracts is not recognised in the balance sheet. The option premium paid or received is recorded as receivable from or payable to derivative transactions, and is amortised to income or expense using the straight-line method over the period of the contracts. As at the balance sheet date, unrealised gain or loss arising from selling/buying option contracts are determined based on market price, cost of the contract, sales volume and maturity of the contract, and recorded in the separate income statement in "Net gain/loss from trading foreign currencies".

Related parties

The parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making decisions on financial and operating policies. A party is considered as a related party with the Bank if:

- (a) Directly or indirectly through one or more intermediaries, the party:
 - has capability to control the Bank or is controlled by the Bank (including the holding company and subsidiaries);
 - has contributed capital to the Bank that accordingly, gives it significant influence over the Bank;
 - has joint control over the Bank;
- (b) The party is a joint venture or associate in which the Bank is a venturer;
- (c) The party has a close member of the Board of Directors, Board of Supervisors and Board of Management of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c);
- (e) The party is a Bank that is controlled, jointly controlled or significantly influenced by, or of which, significant voting power in such Bank resides with, directly or indirectly, any individual referred to in (c) or (d).

Off-balance sheet commitments and guarantees

At any time during the course of business, the Bank always has outstanding commitments. These commitments are in the form of approved loans and overdraft facilities. The Bank also provides financial guarantee services to guarantee the contract performance of customers to third parties. These transactions are recorded in the separate financial statements when performed or when related expenses are incurred or received.

According to Circular 02 and Circular 09 issued by the State Bank of Vietnam, credit institutions are required to classify guarantee amounts, payment acceptances, lending commitments which are unconditional and irrevocable and have specific date of the implementation (hereinafter referred to as off-balance sheet commitments) as prescribed in Article 10 of Circular 02 in order to manage and supervise quality of credit extension activity. Accordingly, the off-balance sheet commitments are graded using the following risk classifications: *Current, Special-mentioned, Sub-standard, Doubtful and Loss* based on the overdue status and other qualitative factors.

The Bank does not make general provision and specific provisions for off-balance sheet commitments in accordance with the guidance in Circular 02 and Circular 09.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

5. CASH, GOLD AND GEMSTONES

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Cash in VND	4,378,889	3,987,569
Cash in foreign currencies	622,958	605,366
Valuable papers in foreign currencies	-	1,423
Monetary gold	1,730	3,932
	<u>5,003,577</u>	<u>4,598,290</u>

6. BALANCES WITH THE STATE BANK OF VIETNAM ("SBV")

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current account at the State Bank of Vietnam		
- In VND	8,785,630	7,356,945
- In foreign currencies	3,106,492	2,519,085
	<u>11,892,122</u>	<u>9,876,030</u>

Deposit at the State Bank of Vietnam ("SBV") consists of compulsory reserves for deposits and current accounts. Pursuant to regulations of the State Bank of Vietnam on compulsory reserve, part of the Bank's compulsory reserve can be floating balance. In detail, according to Decision No. 379/QD-NHNN dated 24 February 2009, Decision No. 1925/QD-NHNN dated 26 August 2011 and Decision No. 1972/QD-NHNN dated 31 August 2011:

Compulsory reserve balances for VND deposits applicable to credit institutions as at 31 December 2015 are as follows:

- Compulsory reserve balance is 3% of the preceding month's average balance for demand deposits and term deposits in VND with terms of less than 12 months;
- Compulsory reserve balance is 1% of the preceding month's average balance for deposits in VND with terms of, or more than 12 months.

Compulsory reserve balances for deposits in foreign currencies applicable to credit institutions as at 31 December 2015 are as follows:

- Compulsory reserve balance is 8% of the preceding month's average balance for demand deposits and term deposits in foreign currencies with terms of less than 12 months;
- Compulsory reserve balance is 6% of the preceding month's average balance for deposits in foreign currencies with terms of, or more than 12 months;
- Compulsory reserve balance is 1% of the balance for deposits in foreign currencies from overseas credit institutions.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Placements with other credit institutions		
Demand deposits	17,097,166	12,906,412
- In VND	7,329,949	6,506,980
- In foreign currencies	9,767,217	6,399,432
Term deposits	48,394,601	54,190,974
- In VND	12,170,000	43,853,000
- In foreign currencies	36,224,601	10,337,974
Provisions for credit losses	-	-
	<u>65,491,767</u>	<u>67,097,386</u>
Loans to other credit institutions		
- In VND	1,744,634	5,379,662
<i>Include: discounts, rediscounts</i>	303,564	4,878,432
- In foreign currencies	279,850	3,293,130
<i>Include: discounts, rediscounts</i>	-	-
- Provisions for credit losses	-	-
	<u>2,024,484</u>	<u>8,672,792</u>
Placements with and loans to other credit institutions	<u>67,516,251</u>	<u>75,770,178</u>

Analysis on quality of placements with and loans to other credit institutions

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current loans	50,419,085	62,863,766
Special-mentioned loans	-	-
Sub-standard loans	-	-
Doubtful loans	-	-
Loss loans	-	-
Total	<u>50,419,085</u>	<u>62,863,766</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

8. TRADING SECURITIES

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Debt securities		
- Government bonds	3,200,074	3,595,310
	<u>3,200,074</u>	<u>3,595,310</u>
Provision for impairment of trading securities	-	-
	<u>3,200,074</u>	<u>3,595,310</u>

Listing status of trading securities

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Debt securities		
Government bonds		
- Listed	3,200,074	3,595,310
	<u>3,200,074</u>	<u>3,595,310</u>

9. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS/LIABILITIES

	Net book value (at exchange rate as at the reporting date)	
	<u>Assets</u>	<u>Liabilities</u>
	million VND	million VND
As at 31/12/2015		
Currency derivative financial instruments	-	117,619
Forward contracts	-	23,589
Swap contracts	-	94,030
As at 31/12/2014		
Currency derivative financial instruments	-	415,778
Forward contracts	-	428,012
Swap contracts	-	(12,234)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

10. LOANS TO CUSTOMERS

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Loans to local business entities and individuals	530,168,751	434,185,457
Discounting promissory notes and valuable papers	632,317	516,404
Payments made on behalf of customers	33,497	36,218
Loans by grants, investment trusts	834,518	1,081,585
Loans to foreign organisations and individuals	1,365,792	2,445,000
Frozen loans and loans pending for resolution	67,886	-
	<u>533,102,761</u>	<u>438,264,664</u>

Analysis of loan balances by quality

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current loans	525,115,547	429,780,561
Special-mentioned loans	3,083,144	3,609,460
Sub-standard loans	1,411,357	348,172
Doubtful loans	735,343	2,468,319
Loss loans	2,757,370	2,058,152
	<u>533,102,761</u>	<u>438,264,664</u>

Analysis of loan balances by term

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Short-term loans	299,545,679	263,544,166
Medium-term loans	59,007,143	38,718,772
Long-term loans	174,549,939	136,001,726
	<u>533,102,761</u>	<u>438,264,664</u>

The original maturity is less than one year for short-term loans, from 1 to 5 years for medium-term loans, and over 5 years for long-term loans.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

10. LOANS TO CUSTOMERS (Continued)

Analysis of loan balances by type of business entity

	31/12/2015	31/12/2014
	million VND	million VND
State-owned enterprises	33,123,792	33,517,018
State-owned one-member limited enterprises	60,777,166	69,799,644
Two or more member limited liability enterprises with more than 50% of the State's share holding	4,097,319	2,599,293
Other limited companies	100,170,998	76,680,521
Joint stock companies with more than 50% of the State's share-holding	35,570,962	33,700,359
Other joint stock companies	141,706,644	112,363,944
Partnership companies	39,384	39,479
Private companies	15,477,471	13,659,149
Foreign invested enterprises	26,547,008	19,386,197
Cooperatives, cooperative unions	986,553	1,783,291
Household businesses, individuals	111,743,457	73,760,504
Administrative units, the Party, unions and associations	2,181,383	975,265
Others	680,624	-
	533,102,761	438,264,664

Analysis of loan balances by industry

	31/12/2015	31/12/2014
	million VND	million VND
Agriculture, forestry and aquaculture	18,627,219	14,767,944
Mining and quarrying	19,700,155	24,005,966
Manufacturing and processing	156,733,772	145,223,632
Electricity, fuel gas and hot water	31,091,572	27,771,774
Water supplying, garbage and sewage treatment and management	1,557,468	1,012,271
Construction	58,804,193	37,708,541
Wholesale and retail trade, repair of motor vehicles, motor cycles	150,916,636	126,304,336
Transport, warehouse	7,033,175	7,081,524
Hospitality services	3,502,949	3,230,810
Information and communications	1,590,299	1,400,003
Financial, banking and insurance	186,475	-
Real estate	42,506,465	27,198,692
Profession, science and technology	61,672	73,075
Administrative activities and supporting service	450,848	434,193
Education and training	789,931	707,717
Health care and social work	1,789,170	1,984,579
Other service activities	9,363,428	7,599,217
Households	26,976,505	11,125,975
International organisations and bodies	459,689	584,712
Others	961,140	49,703
	533,102,761	438,264,664

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

10. LOANS TO CUSTOMERS (Continued)

The Bank has classified loan balance by type of business entity and industry based on the customer's purpose of loans according to guidance in Circular No. 31/2013/TT-NHNN dated 13 December 2013 issued by the State Bank of Vietnam.

11. PROVISIONS FOR CREDIT LOSSES OF LOANS TO CUSTOMERS

Movement in provision for credit losses of loans to customers for the year ended 31 December 2015 is as follows:

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
As at 01/01/2015 (restated)	3,148,857	1,181,468	4,330,325
Provision charged for the year	657,296	2,559,619	3,216,915
Provision utilised for the year	-	(2,430,605)	(2,430,605)
Decrease due to upgrading Laos branch to a subsidiary bank	(21,982)	(18,597)	(40,579)
Decrease in provision during the year	-	(593,220)	(593,220)
As at 31/12/2015	<u>3,784,171</u>	<u>698,666</u>	<u>4,482,837</u>

The Bank reclassified debt securities in accordance with Circular 02 and Circular 09, amendments and supplements, and policies on loan classification and credit loss provisioning of the Bank. Provision for credit losses as at 31 December 2015 was set up based on loan classification results as at 30 November 2015. Provision for credit losses of loans at overseas branches is made in accordance with prevailing regulations in their local jurisdictions.

Movement in provision for credit losses of loans to customers for the year ended 31 December 2014 is as follows:

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
As at 01/01/2014	2,615,912	654,945	3,270,857
Provision charged for the year	532,945	3,359,847	3,892,792
Provision utilised for the year	-	(2,392,993)	(2,392,993)
Decrease in provision during the year	-	(440,331)	(440,331)
As at 31/12/2014	<u>3,148,857</u>	<u>1,181,468</u>	<u>4,330,325</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

12. INVESTMENT SECURITIES

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Available-for-sale investment securities	107,619,612	85,964,781
<i>Debt securities</i>	<i>107,345,576</i>	<i>85,920,758</i>
- Government bonds (*)	39,464,436	41,995,428
- Debt securities issued by other local credit institutions	16,554,359	8,225,653
- Debt securities issued by local business entities	51,326,781	35,699,677
<i>Equity securities</i>	<i>274,036</i>	<i>44,023</i>
- Equity securities issued by local business entities	274,036	44,023
Provisions for impairment of available-for-sale investment securities	(444,190)	(239,454)
<i>In which:</i>		
- Provisions for impairment of available-for-sale equity investment	(62,164)	(15,990)
- General provision for impairment of available-for-sale debt investment	(382,026)	(223,464)
- Specific provision for impairment of available-for-sale debt investment	-	-
	<u>107,175,422</u>	<u>85,725,327</u>
Held-to-maturity investment securities	12,928,649	6,708,858
Government bonds	2,200,000	2,200,000
Debt securities issued by local business entities	10,728,649	4,508,858
Provisions for impairment of held-to-maturity investment securities	(1,390,677)	(387,153)
	<u>11,537,972</u>	<u>6,321,705</u>
Total	118,713,394	92,047,032

(*) As at 31 December 2015, the Bank has pledged VND 9,714,700 million of Government bonds to secure for loans from the State Bank (see Note 19).

Analysis on securities quality classified as credit risk assets

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current loans	51,413,529	35,286,425
Special-mentioned loans	-	-
Sub-standard loans	-	-
Doubtful loans	-	-
Loss loans	-	-
Total	51,413,529	35,286,425

As at 31 December 2015, the Bank has implemented classification of debt securities of business entities ("BEs") which are unlisted (not including any special bonds issued by VAMC) in accordance with Circular 02 and Circular 09. Provision for losses on debt securities of unlisted BEs is made based on the results of loan classification as at 30 November 2015.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

12. INVESTMENT SECURITIES (Continued)

Special bonds issued by VAMC

	31/12/2015	31/12/2014
	million VND	million VND
Par value of special bonds	10,341,901	4,122,110
Provision for special bonds	(1,387,776)	(384,252)
Total	8,954,125	3,737,858

13. PROVISIONS FOR IMPAIRMENT OF INVESTMENT SECURITIES

Movement in provisions for impairment of investment securities for the year ended 31 December 2015 is as follows:

	Provision for available-for-sale		Provision for held-to-maturity investment securities		Total
	securities issued by unlisted business	Equity securities	Debt securities issued by unlisted business entities	Other debt securities	
	million VND	million VND	million VND	million VND	million VND
As at 01/01/2015	223,464	15,990	387,153	-	626,607
Provision charged/(reversed) for the year	158,562	(23,826)	1,437,718	-	1,572,454
Provision utilised for the year	-	-	(434,194)	-	(434,194)
Reclassification	-	70,000	-	-	70,000
As at 31/12/2015	382,026	62,164	1,390,677	-	1,834,867

Movement in provisions for impairment of investment securities for the year ended 31 December 2014 is as follows:

	Provision for available-for-sale		Provision for held-to-maturity investment securities		Total
	Debt securities issued by unlisted business	Equity securities	Debt securities issued by unlisted business entities	Other debt securities	
	million VND	million VND	million VND	million VND	million VND
As at 01/01/2014	101,722	27,802	2,901	-	132,425
Provision charged/(reversed) for the year	121,742	(11,812)	499,828	-	609,758
Provision utilised for the year	-	-	(115,576)	-	(115,576)
As at 31/12/2014	223,464	15,990	387,153	-	626,607

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

13. PROVISIONS FOR IMPAIRMENT OF INVESTMENT SECURITIES (Continued)

Detail of provision for impairment of debt securities of unlisted business entities

Movement in provisions for impairment of debt securities of unlisted business entities for the year ended 31 December 2015 is as follows:

	General provision	Specific provision	Total
	million VND	million VND	million VND
As at 01/01/2015	226,365	384,252	610,617
Provision charged for the year	158,562	1,437,717	1,596,279
Provision utilised for the year	-	(434,193)	(434,193)
As at 31/12/2015	384,926	1,387,777	1,772,703

Movement in provisions for impairment of debt securities of unlisted business entities for the year ended 31 December 2014 is as follows:

	General provision	Specific provision	Total
	million VND	million VND	million VND
As at 01/01/2014	104,623	-	104,623
Provision charged for the year	121,742	499,828	621,570
Provision utilised for the year	-	(115,576)	(115,576)
As at 31/12/2014	226,365	384,252	610,617

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

14. LONG-TERM INVESTMENTS, CAPITAL CONTRIBUTION

Analysis on investment value by type of investment:

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Investments in subsidiaries (Note 14.1)	4,600,882	3,317,232
Investments in joint ventures (Note 14.2)	2,088,788	2,088,788
Other long-term investments	561,974	440,136
Provisions for impairment of long-term investments	(4,193)	(74,271)
	<u>7,247,451</u>	<u>5,771,885</u>

14.1 Investment in subsidiaries

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Vietinbank Leasing Company Ltd.	1,000,000	800,000
Vietinbank Securities Joint Stock Company	597,232	597,232
Vietinbank Debt Management and Asset Exploitation Company Ltd.	120,000	120,000
Vietinbank Insurance Company Ltd.	500,000	500,000
Vietinbank Fund Management Company Ltd.	950,000	950,000
Vietinbank Gold and Jewellery Trading Company Ltd.	300,000	300,000
Vietinbank Global Money Transfer Company Ltd.	50,000	50,000
Vietinbank (Lao) Limited	1,083,650	-
	<u>4,600,882</u>	<u>3,317,232</u>

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

FORM B 05a/TC/TD

14. LONG-TERM INVESTMENTS, CAPITAL CONTRIBUTION (Continued)

14.2 List of joint ventures

	Place of incorporation (or registration) and operation	Proportion of ownership interest		Investment value as at		Principal activities
		%	%	31/12/2015	31/12/2014	
				million VND	million VND	
Indovina Bank Ltd.	97A Nguyen Van Troi Street, Ward 12, Phu Nhuan District, Ho Chi Minh City	50	50	1,688,788	1,688,788	Providing banking services such as deposits, lending, card services, L/C, remittances, etc.
Vietinbank Aviva Life Insurance Company Limited	Room 1001B, 10th Floor, B Tower, Handi Resco Building, 512 Kim Ma, Ba Dinh, Hanoi	50	50	400,000	400,000	- Providing life insurance service - Providing health insurance service - Providing reinsurance service
				<u>2,088,788</u>	<u>2,088,788</u>	

- Indovina Bank Ltd. was established in Vietnam with the head office located in Ho Chi Minh City; its principal activity is providing banking services. Indovina Bank Ltd. is a joint venture between the Bank and a Taiwanese bank, Cathay United Bank. Indovina Bank Ltd. received Operation License No. 08/NH-GP dated 29 October 1992 and amendments issued by the SBV for the operating period of 40 years with the initial charter capital of USD 10,000,000.

Since its establishment, the charter capital of Indovina Bank Ltd. has been increased several times under the approval of the SBV, while the proportions of ownership interest of the joint venture partners remain unchanged. As at 31 December 2015, Indovina Bank Ltd.'s charter capital was USD 193,000,000.

- VietinBank Aviva Life Insurance Company Limited was established in Vietnam. With the head office located in Hanoi, its principal activities are providing life insurance services, health insurance services, reinsurance services and investing in some sectors such as bonds, securities, real estate, capital contribution, etc. This company is the joint venture between the Bank and a company incorporated in the United Kingdom - Aviva International Holdings Limited. The joint venture received Establishment and Operation License No. 64 GP/KDBH dated 29 July 2011 issued by the Ministry of Finance for the operating period of 50 years with the initial charter capital of VND 800 billion.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

15. TANGIBLE FIXED ASSETS

Movement of tangible fixed assets for the year ended 31 December 2015 is as follows:

	Building, structures	Machinery, equipment	Motor vehicles	Others	Total
	million VND	million VND	million VND	million VND	million VND
Cost					
As at 01/01/2015	4,151,501	4,044,601	848,388	187,067	9,231,557
Acquisitions during the year	106,864	137,806	111,449	10,592	366,711
Transfer from construction in	92,295	2,420	2,691	762	98,168
Other additions	6,298	1,775	3,261	8,263	19,597
Reclassification	(1,658)	44,569	8,902	(53,471)	(1,658)
Disposals	(38,847)	(18,490)	(14,437)	(1,553)	(73,327)
Other decreases	(15,187)	(22,547)	(7,937)	(338)	(46,009)
As at 31/12/2015	4,301,266	4,190,134	952,317	151,322	9,595,039
Accumulated depreciation					
As at 01/01/2015	960,915	2,968,745	562,956	115,163	4,607,779
Depreciation charged for the	218,356	418,467	96,168	21,962	754,953
Other additions	755	349	478	69	1,651
Reclassification	(350)	27,850	5,068	(32,918)	(350)
Disposals	(3,877)	(17,630)	(14,281)	(1,553)	(37,341)
Other decreases	(5,762)	(15,500)	(3,857)	(525)	(25,644)
As at 31/12/2015	1,170,037	3,382,281	646,532	102,198	5,301,048
Net book value					
As at 31/12/2015	3,131,229	807,853	305,785	49,124	4,293,991
As at 31/12/2014	3,190,586	1,075,856	285,432	71,904	4,623,778

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

16. INTANGIBLE ASSETS

Movement of intangible assets for the year ended 31 December 2015 is as follows:

	<u>Land use rights</u> million VND	<u>Other intangible assets</u> million VND	<u>Total</u> million VND
Cost			
As at 01/01/2015 (restated)	3,920,364	871,570	4,791,934
Acquisitions during the year	194,174	1,215	195,389
Other additions	108	12,852	12,960
Reclassification	1,658	-	1,658
Disposals	(17,023)	-	(17,023)
Other decreases (*)	(163,550)	(32,999)	(196,549)
As at 31/12/2015	3,935,731	852,638	4,788,369
Accumulated amortisation			
As at 01/01/2015 (restated)	144,215	482,497	626,712
Amortisation charged for the year	36,209	122,854	159,063
Reclassification	350	-	350
Other decreases (*)	(2,320)	(1,081)	(3,401)
As at 31/12/2015	178,454	604,270	782,724
Net book value			
As at 31/12/2015	3,757,277	248,368	4,005,645
As at 31/12/2014	3,776,149	389,073	4,165,222

(*) Other decreases mainly represent the decrease in fixed assets of Laos branch which was upgraded to a subsidiary bank of the Bank.

17. OTHER RECEIVABLES

	<u>31/12/2015</u> million VND	<u>31/12/2014</u> Restated million VND
Construction in progress	5,217,923	4,092,806
Purchases and major repair of fixed assets	2,567,700	2,523,241
External receivables	2,478,555	2,900,542
Internal receivables	539,307	431,639
	10,803,485	9,948,228

Construction in progress

	<u>31/12/2015</u> million VND	<u>31/12/2014</u> Restated million VND
Constructions in the Northern area	4,467,228	3,479,852
Constructions in the Central area	416,177	351,725
Constructions in the Southern area	334,518	261,229
	5,217,923	4,092,806

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

17. OTHER ASSETS

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Materials and tools	122,485	122,065
Prepaid expenses (*)	3,074,459	3,143,858
Other assets	123,935	123,935
	<u>3,320,879</u>	<u>3,389,858</u>

(*) Prepaid expenses mainly include those of the head office and other office rentals of the Bank, the credit facilities arrangement fee and the carrying amount of assets which do not meet the conditions for fixed assets in accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance.

As at 31 December 2015, the Bank does not hold other assets classified as credit risk bearing assets.

18. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Borrowings from the SBV	13,205,353	4,731,118
Loans under credit contracts	3,147,931	1,204,134
Discounting and rediscounting valuable papers (*)	10,039,754	3,499,384
Borrowings for grants to State-owned enterprises	12,472	12,472
Other borrowings	5,196	15,128
Current accounts held by the State Treasury	165	285
- In VND	157	281
- In foreign currency	8	4
	<u>13,205,518</u>	<u>4,731,403</u>

(*) Discounting and rediscounting valuable papers are secured by Government bonds with a value of VND 9,714,700 million (see Note 12).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

20. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTION

Placement of other credit institutions

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Demand deposits	5,142,549	1,528,122
- In VND	2,632,667	840,496
- In foreign currencies	2,509,882	687,626
Term deposits	37,876,011	40,512,284
- In VND	27,828,501	31,793,234
- In foreign currencies	10,047,510	8,719,050
	<u>43,018,560</u>	<u>42,040,406</u>

Borrowings from other credit institutions

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
- In VND	13,090,000	13,745,375
<i>In which: Rediscounting borrowings</i>	-	1,282,375
- In foreign currencies	42,679,869	47,984,254
	<u>55,769,869</u>	<u>61,729,629</u>

In the year 2015, the Bank does not have any borrowing which the Bank does not have the ability to repay or the Bank violates the contracts.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

21. DEPOSITS FROM CUSTOMERS

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Demand deposits	71,283,177	62,222,946
- Demand deposits in VND	59,054,286	52,471,680
- Demand deposits in foreign currencies	12,228,891	9,751,266
Term deposits	404,409,543	347,193,103
- Term deposits in VND	375,017,512	321,592,670
- Term deposits in foreign currencies	29,392,031	25,600,433
Deposits for specific purpose	3,100,716	2,205,291
- Deposits for specific purpose in VND	1,256,796	892,188
- Deposits for specific purpose in foreign currencies	1,843,920	1,313,103
Margin deposits	13,773,066	12,619,722
- Margin deposits in VND	13,032,045	10,651,815
- Margin deposits in foreign currencies	741,021	1,967,907
	<u>492,566,502</u>	<u>424,241,062</u>

Analysis of deposits from customers by type of business

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
State-owned enterprises	45,294,680	46,235,729
State-owned one-member limited enterprises	38,472,306	39,796,384
Two or more member limited liability enterprises with more	1,828,069	761,947
Other limited companies	14,618,621	11,177,602
Joint stock companies with more than 50% of the State's	28,244,055	23,682,922
Other joint stock companies	26,377,051	18,182,714
Partnership companies	41,730	35,901
Private companies	1,094,867	947,330
Foreign invested enterprises	27,351,408	20,247,735
Cooperatives, cooperative unions	410,304	320,069
Household businesses, individuals	276,968,175	236,752,096
Administrative units, the Party, unions and associations	20,943,908	15,589,556
Others	10,921,328	10,511,077
	<u>492,566,502</u>	<u>424,241,062</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

22. GRANTS, TRUSTED FUNDS AND BORROWINGS AT RISK OF THE CREDIT INSTITUTIONS

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Funds received from other organisations and individuals in VND	46,164,614	24,259,273
Funds received from other organisations and individuals in foreign currencies	4,536,291	4,135,043
Funds received from international organisations in VND	766,009	733,044
Funds received from international organisations in foreign currencies	3,664,147	3,602,230
	<u>55,131,061</u>	<u>32,729,590</u>

23. VALUABLE PAPERS ISSUED

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Valuable papers in VND	15,401,637	4,430
Par value	15,401,637	4,430
Valuable papers in foreign currencies	5,458,860	5,289,643
Par value	5,474,048	5,315,102
Discount	(15,188)	(25,459)
	<u>20,860,497</u>	<u>5,294,073</u>

Details of valuable papers by term:

Type of valuable papers	Bill	Bearer bonds	Book-entry bonds	Certificate of deposit	Total
	million VND	million VND	million VND	million VND	million VND
As at 31/12/2015					
<i>Term under 12 months</i>					
Par value	476	-	-	5,778,457	5,778,933
<i>Term from 12 months to under 5 years</i>					
Par value	-	5,472,670	-	1,624,082	7,096,752
Discount	-	(15,188)	-	-	(15,188)
<i>Term over 5 years</i>					
Par value	-	-	8,000,000	-	8,000,000
	<u>476</u>	<u>5,457,482</u>	<u>8,000,000</u>	<u>7,402,539</u>	<u>20,860,497</u>
As at 31/12/2014					
<i>Term under 12 months</i>					
Par value	644	-	-	982	1,626
<i>Term from 12 months to under 5 years</i>					
Par value	-	5,311,670	-	6,235	5,317,905
Discount	-	(25,458)	-	-	(25,458)
	<u>644</u>	<u>5,286,212</u>	<u>-</u>	<u>7,217</u>	<u>5,294,073</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

24. OTHER PAYABLES AND LIABILITIES

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	Restated million VND
Internal payables	1,683,973	1,578,696
External payables	32,981,190	26,586,321
Bonus and welfare funds	1,237,188	1,114,953
	<u>35,902,351</u>	<u>29,279,970</u>

24.1 Details of internal payables

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	Restated million VND
Payables to employees	1,432,295	1,503,125
Others	251,678	75,571
	<u>1,683,973</u>	<u>1,578,696</u>

24.2 Details of external payables

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	Restated million VND
Payments/receipts on behalf of other organisations	31,214,244	24,682,552
Amount due to customers and deferred payment	44,055	315,624
Corporate income tax payables	125,074	132,002
Other pending payments	851,781	598,326
Fund transfer	13,727	-
Other tax payables	73,211	224,620
Payables for insurance of deposits	-	82,539
Payables to the SBV from recovery of written-off bad debts	79,484	75,614
Payables relating to trade finance activities	7,799	10,085
Other payables to other organisations	-	12,692
Money transfer payables	76,101	137,512
Payables to building constructors	79,139	107,063
Other payables	416,575	207,692
	<u>32,981,190</u>	<u>26,586,321</u>

26. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	<u>Movement for the year 2015</u>			<u>Closing balance</u>
	<u>Opening balance</u>	<u>Payables</u>	<u>Paid</u>	
	million VND	million VND	million VND	million VND
Value added tax	162,240	143,886	302,795	3,331
Corporate income tax	132,002	1,627,815	1,634,743	125,074
Other taxes	62,354	421,200	412,464	71,090
	<u>356,596</u>	<u>2,192,901</u>	<u>2,350,002</u>	<u>199,495</u>

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

FORM B 05/TCTD

27. CAPITAL AND RESERVES

The movement of major items in owners' equity:

	Charter capital		Share premium		Financial reserve fund		Capital supplementary reserve		Retained earnings		Total million VND
	million VND	37,234,046	million VND	8,969,827	million VND	2,791,309	million VND	1,401,669	million VND	3,783,718	
As at 01/01/2015 (restated)	-	37,234,046	-	8,969,827	-	2,791,309	-	1,401,669	-	3,783,718	54,180,569
Profit for the year	-	-	-	-	-	-	-	-	-	5,718,091	5,718,091
Appropriation to reserves during the year	-	-	-	-	571,809	571,809	-	285,905	-	(2,057,714)	(1,200,000)
Other adjustments	-	-	-	-	(5,437)	(5,437)	-	-	-	(35,493)	(40,930)
Dividends for the year 2014	-	-	-	-	-	-	-	-	-	(3,723,405)	(3,723,405)
Reserves utilization	-	-	-	-	(348)	(348)	-	-	-	-	(348)
As at 31/12/2015	37,234,046	37,234,046	8,969,827	8,969,827	3,357,333	3,357,333	1,687,574	1,687,574	3,685,197	3,685,197	54,933,977

As at 31 December 2015, the Bank made temporary appropriation to reserves and profit distribution based on the operating result in 2015. Official decision on reserve appropriation of the year 2015 shall be made in the annual General Shareholders' Meeting.

The resolution dated 10 June 2015 issued by the Board of Directors approved 2014 cash dividend as payment with the rate of 10% per share, equivalent to VND 1,000 per ordinary share.

**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

26. CAPITAL AND RESERVES (Continued)

Details of the Bank's number of shares are as follows:

	31/12/2015		31/12/2014	
	Total shares (units)	Ordinary shares (million VND)	Total shares (units)	Ordinary shares (million VND)
Capital of the Government	2,400,204,956	24,002,050	2,400,204,956	24,002,050
Contributed capital (shareholders, members)	1,323,199,600	13,231,996	1,323,199,600	13,231,996
Share premium	non-applicable	8,969,827	non-applicable	8,969,827
	3,723,404,556	46,203,873	3,723,404,556	46,203,873

Details of the Bank's shares are as follows:

	31/12/2015	31/12/2014
Number of registered shares for issue (unit)	3,723,404,556	3,723,404,556
Number of shares in circulation (unit)	3,723,404,556	3,723,404,556
- Ordinary shares (unit)	3,723,404,556	3,723,404,556
- Preferred shares (unit)	-	-
Par value of share (VND)	10,000	10,000

27. INTEREST AND SIMILAR INCOME

	2015	2014
	million VND	Restated million VND
Interest from deposits	1,505,028	2,104,314
Interest from loans to customers	31,622,450	29,854,997
Interest from debt securities	8,358,073	8,669,433
Income from guarantee services	393,174	286,358
Other income from credit activities	176,266	134,842
	42,054,991	41,049,944

28. INTEREST AND SIMILAR EXPENSES

	2015	2014
	million VND	million VND
Interest expense on deposits	20,141,089	20,693,726
Interest expense on borrowings	2,605,208	2,222,551
Interest expense on valuable papers issued	773,922	618,525
Expenses on other credit activities	123,884	14,840
	23,644,103	23,549,642

**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

29. NET PROFIT FROM SERVICES

	2015	2014
	million VND	Restated million VND
Income from services	2,045,085	1,720,987
- Income from remittance services	1,289,056	1,125,340
- Income from trust and agency services	37,997	29,523
- Others	718,032	566,124
Expense on services	854,163	730,836
- Expense on remittance services	118,996	105,504
- Expense on trust and agency services	11,045	2,779
- Expense on treasury services	171,037	159,105
- Others	553,085	463,448
Net profit from services	1,190,922	990,151

30. NET GAIN FROM TRADING FOREIGN CURRENCIES

	2015	2014
	million VND	Restated million VND
Income from trading foreign currencies	2,393,767	2,119,353
- Income from spot trading foreign currencies	1,614,272	1,615,259
- Income from trading gold	186	768
- Income from trading currency derivative financial instruments	779,309	503,326
Expenses for trading foreign currencies	2,382,797	1,734,427
- Expenses from spot trading foreign currencies	837,525	403,841
- Expense from trading gold	596	148
- Expenses from trading currency derivative financial instruments	1,544,676	1,330,438
Net gain from trading foreign currencies	10,970	384,926

31. NET GAIN FROM TRADING SECURITIES HELD FOR TRADING

	2015	2014
	million VND	million VND
Income from trading securities	142,456	191,627
(Expense) for trading securities	-	-
Net gain from trading securities	142,456	191,627

**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

32. NET GAIN/(LOSS) FROM TRADING INVESTMENT SECURITIES

	<u>2015</u>	<u>2014</u>
	million VND	million VND
Income from trading investment securities	193,825	-
Expense for trading investment securities	(4,854)	(10,958)
Provision charged for impairment of investment securities	(134,736)	(109,930)
Net gain/(loss) from trading investment securities	<u>54,235</u>	<u>(120,888)</u>

33. NET PROFIT FROM OTHER ACTIVITIES

	<u>2015</u>	<u>2014</u>
	million VND	Restated million VND
Other operating expenses	3,970,441	3,688,571
Income from recovery of bad debts	2,588,874	1,182,972
Income from transfer, disposals of assets (*)	41,865	2,108,080
Income from other derivatives	936,562	174,943
Other income	403,140	222,576
Expenses on other activities	1,873,309	2,330,066
Expense from other derivatives	1,044,392	192,586
Expense from transfer, disposals of assets (*)	18,286	1,143,759
Other expenses	810,631	993,721
Net gain from other activities	<u>2,097,132</u>	<u>1,358,505</u>

(*) Income and expense from transfer, disposals of assets in 2014 majorly comprise those arising under transaction on transfer of the Bank's office.

34. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS

	<u>2015</u>	<u>2014</u>
	million VND	restated million VND
Dividends income from capital contributions and equity investment for the year	157,496	131,465
- From investment equity securities	1,062	1,269
- From long-term investments	156,434	130,196
Profit transferred from subsidiaries	174,533	175,954
	<u>332,029</u>	<u>307,419</u>

**VIETNAM JOINT STOCK COMMERCIAL BANK
FOR INDUSTRY AND TRADE**

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

35. OPERATING EXPENSES

	<u>2015</u>	<u>2014</u>
	million VND	Restated million VND
Taxes, fees and charges	71,317	42,288
Staff cost		
- Salaries and allowances	4,566,449	4,376,182
- Salary-based expenses	261,714	267,459
- Other benefits	43,059	47,867
- Other expenses	486,730	227,358
Expenses for fixed assets		
- Depreciation and amortisation expenses	914,016	982,564
- Others	1,100,608	966,125
Expenses for operating management		
- Per diems	160,985	145,163
- Expenses for union activities	25,167	17,814
- Others	2,422,185	2,174,699
Insurance premium for customers' deposits	268,332	312,672
Other provision (reversed)/charged	(78)	4,863
	<u>10,320,484</u>	<u>9,565,054</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

36. CORPORATE INCOME TAX EXPENSES

	2015	2014
	million VND	Restated million VND
Profit before corporate income tax	7,263,517	7,166,194
<i>Adjustments for:</i>		
- Non-taxable dividend income and profits received	(332,029)	(307,419)
- (Reversal) of provision for impairment of long-term investments	-	(104,623)
- Others	53,927	59,386
Taxable profit	6,985,415	6,813,538
Corporate income tax rate	22%	22%
Current corporate income tax expenses based on the domestic income	1,536,791	1,498,978
Current corporate income tax expenses based on the overseas income	8,635	12,726
Total corporate income tax expenses	1,545,426	1,511,704

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

37. CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the cash flow statement include the following balance sheet items:

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Cash, gold and gemstones (*)	5,003,577	4,598,290
Balances with the State Bank of Vietnam (*)	11,892,122	9,876,030
Current deposits at other credit institutions (*)	17,097,166	12,906,412
Deposits at other credit institutions with terms of not exceeding 3 months	48,110,316	53,628,070
Securities with term of not exceeding 3 months from the date of purchase	-	6,000,000
	<u>82,103,181</u>	<u>87,008,802</u>

(*) Balances of cash, gold and gemstones; balances with the State Bank of Vietnam and current deposits at other credit institutions are presented in Note 5, Note 6 and Note 7, respectively.

38. EMPLOYEES' REMUNERATIONS

	<u>2015</u>	<u>2014</u>
I. Total number of employees (person) (*)	20,079	19,059
II. Employees' income (million VND)		
1. Total salary fund	4,566,449	4,376,182
2. Bonus	-	-
3. Other allowances	139,837	135,210
4. Total income (1+2+3)	<u>4,706,286</u>	<u>4,511,392</u>
5. Average monthly salary (**)	<u>19.57</u>	<u>19.28</u>
6. Average monthly income (**)	<u>20.17</u>	<u>19.88</u>

(*) Figures as at 31 December.

(**) Calculations were made based on average total number of employees for the year.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

39. VALUABLE PAPERS AND ASSETS AS COLLATERALS, MORTGAGES AND DISCOUNTING, RE-DISCOUNTING

Valuable papers and assets as collaterals, mortgages and discounting

	Carrying value at balance sheet date	
	(million VND)	
	31/12/2015	31/12/2014
Real estate	565,630,627	479,034,313
Movable assets	40,860,629	29,513,639
Valuable papers	109,753,307	64,205,314
Other assets	345,878,561	266,837,457
	1,062,123,124	839,590,723

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 debt according to the law.

As at 31 December 2015, 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.

40. CONTINGENT LIABILITIES AND COMMITMENTS

In normal course of business, the Bank uses financial instruments which are related to off-balance sheet items. These financial instruments mainly comprise financial guarantees and commercial letters of credit. These instruments involve elements of credit risk apart from those recognised in the separate balance sheet.

Credit risk of off-balance sheet financial instruments is defined as the possibility of the Bank's sustaining a loss because any other party to a financial instrument fails to meet contractual obligations.

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, and contract performance and bidding, etc. The credit risk associated with issuing guarantees is essentially the same as that associated with loans to customers; other guarantees have risk concentration at lower level.

Letter of credit (L/C) transaction is a transaction where the Bank issues a financial guarantee to its customers (normally buyer or importer) in which the seller or the exporter is the beneficiary. There are 2 types of L/C by term: L/C at sight and usance L/C.

Credit risk of L/C is limited if the Bank can manage the receipt of goods. Usance L/C represents higher risk than L/C at sight. If the Bank makes payment to the beneficiary under L/C or financial guarantees conditions but the Bank's customer does not reimburse to the Bank, the Bank has the right to record a loan to the customer under their agreement signed before issuing L/C or financial guarantees.

The Bank requires margin deposits to cover the credit-related financial instruments when it is deemed necessary. The margin deposit required varies from nil to 100% of the value of a commitment granted, depending on the creditworthiness of customers as assessed by the Bank.

In addition, the Bank engages conditional commitments, in forms of commitments in interest swap contracts, commitments in valuable papers trading contracts and other commitments.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

40. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Details of contingent liabilities and commitments as at 31 December 2015:

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	Restated million VND
Contingent liabilities	67,010,294	54,112,547
Credit guarantees	5,338,188	2,496,147
Letters of Credit	29,549,918	29,742,703
Other guarantees	32,122,188	21,873,697
Commitments	95,634,299	88,754,518
Foreign exchange transactions commitments	65,296,692	62,361,790
Other commitments	30,337,607	26,392,728

As at 31 December 2015, the Bank classified contingent liabilities based on quality of loans under Circular 02 and Circular 09.

41. RISK-FREE TRUST AND AGENCY ACTIVITIES

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Trusted fund from organisations	6,002,304	6,002,679
	<u>6,002,304</u>	<u>6,002,679</u>

42. RELATED PARTY TRANSACTIONS AND BALANCES

Significant transactions with related parties for the year ended 31 December 2015 are as follows:

Related party	Relationship	Transactions	<u>2015</u>
			million VND
The State Bank of Vietnam	Direct owner	Increase in deposits at SBV	2,016,092
The State Bank of Vietnam	Direct owner	Increase in borrowings from SBV	8,474,235
Indovina Bank Ltd.	Joint venture	Decrease in deposits from Indovina	(455,749)
Vietinbank Aviva Life Insurance Company Ltd.	Joint venture	Increase in deposits from Aviva	73,888

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

42. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Significant balances with related parties as at 31 December 2015 are as follows:

Related party	Relationship	Transactions	Receivables	Payables
			million VND	million VND
The State Bank of Vietnam	Direct owner	Demand deposits and compulsory reserves at SBV	11,892,122	-
The State Bank of Vietnam	Direct owner	Borrowings from SBV	-	13,205,353
Vietinbank Leasing Company Ltd.	Subsidiary	Deposits at and loans from Vietinbank	391,070	5,398
Vietinbank Securities Joint Stock Company	Subsidiary	Deposits at Vietinbank	-	540,456
Vietinbank Debt Management and Asset Exploitation Company Ltd.	Subsidiary	Deposits at Vietinbank	-	43,871
Vietinbank Insurance Company Ltd.	Subsidiary	Deposits at Vietinbank	-	94,246
Vietinbank Fund Management Company Ltd.	Subsidiary	Deposits at Vietinbank	-	91,089
Vietinbank Gold and Jewellery Trading Company Ltd.	Subsidiary	Deposits at Vietinbank	-	230,484
Vietinbank Global Money Transfer Company Ltd.	Subsidiary	Deposits at Vietinbank	-	74,562
Vietinbank (Lao) Limited	Subsidiary bank	Deposits of Vietinbank	2,055,538	-
Indovina Bank Ltd.	Joint venture	Deposits at Vietinbank	-	2,918,912
Vietinbank Aviva Life Insurance Company Ltd.	Joint venture	Deposits at Vietinbank	-	194,810

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

43. GEOGRAPHICAL STRUCTURE OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

As at 31 December 2015:

	Total loan balance	Total placements (assets)	Total deposits (liabilities)	Credit commitments	Derivatives (Difference between debit - credit)	Trading and investment securities (Difference between debit - credit)
	million VND	million VND	million VND	million VND	million VND	million VND
Domestic	534,308,142	76,220,903	535,366,292	67,001,038	(117,619)	123,748,335
Overseas	819,103	1,162,986	218,935	9,256	-	-
	535,127,245	77,383,889	535,585,227	67,010,294	(117,619)	123,748,335

44. FINANCIAL INSTRUMENTS

On 06 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC ("Circular 210") guiding the application of International Financial Reporting Standards on presentation of financial statements and disclosures of financial instruments, which is effective for the financial year beginning on or after 01 January 2011. Circular 210 provides the definition of financial instruments, including financial assets, financial liabilities, derivative financial instruments and equity instruments and requirements on classification, presentation and disclosures of these financial instruments.

As Circular 210 only regulates the presentation and disclosure of financial instruments, the following terms under Circular 210 are adopted for this Note to the separate financial statements. Assets and liabilities of the Bank are recognised in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting.

Financial assets

Under Circular 210, the Bank's financial assets include cash, gold and gemstones, balances with the State Bank of Vietnam, placements with and loans to other credit institutions, loans to customers, trading securities, investment securities, other long-term investments, receivables, other assets and assets under currency derivative contracts.

Financial assets within the scope of Circular 210 are properly classified, for disclosures in the separate financial statements, into either of the followings:

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

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

- A financial asset is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for the derivative that is a financial guarantee contract or effective hedging instrument).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

44. FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

b) Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

• *Held-to-maturity investments:*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the intention and ability to hold to maturity, except for:

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

• *Loans and receivables:*

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

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

• *Available-for-sale financial assets:*

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

44. FINANCIAL INSTRUMENTS (Continued)

Financial liabilities

According to Circular 210, the Bank's financial liabilities include borrowings from the Government and the SBV, deposits and borrowings from other credit institutions, deposits from customers, bonds, grants, trusted funds and borrowings at risk of the credit institution, valuable papers issued, other payables and payables under currency derivative contracts.

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the separate financial statements, into either of the followings:

• *Financial liabilities at fair value through profit or loss:*

a) A financial liability must meet either of the following conditions:

- ✓ It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
- ✓ It is a derivative (except for the derivative that is a financial guarantee contract or effective hedging instrument).

b) Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

• *Financial liabilities at amortised cost:*

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

Offsetting financial assets and financial liabilities

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

The risk management policy related to financial instruments

Under the guidance of the State Bank 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

44. FINANCIAL INSTRUMENTS (Continued)

The risk management policy related to financial instruments (Continued)

The Bank's Risk Management Division is heading towards the risk management activities in accordance with Basel II. Model of risk management related to financial instruments is associated with the modern risk management model of the Bank. This model based on the "3 stages of control" includes: (i) the business units in Round 1 acts as a unit directly and fully responsible for risk identification, assessment, control and mitigation; (ii) Round 2 is the Risk Management Department with responsibility to establish the policies, principles, control limit and independently supervise the risk management; (iii) Round 3 is the Internal Audit Department with the responsibility to ensure the rationality and effectiveness of the risk management at Round 1 and Round 2. All financial instruments are reviewed, assessed for all related risks before implementation, to ensure that the Bank can effectively control risks related to financial instruments.

In 2015, 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, (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. In addition, to ensure management of liquidity risk, interest rate risk as well as profit maximization, in the first 9 months of 2015, the Bank has enhanced the investment in highly liquid assets such as Credit Institution bonds with more attractive interest rate but not much riskier than Government bonds and Government Treasury bills as newly invested bonds are guaranteed by the Government.

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 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

44. FINANCIAL INSTRUMENTS (Continued)

Credit risk management: Management activities of credit risk of the Banks 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. Planning activities are standardized in order to appropriately combine growth and risk management. The mechanism and policies system related to activities of credit risk management is standardized under 05 document levels. 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 in credit approval, loan pricing and efficient customer management. Information technology infrastructure is a priority of investment, to make sure scoring of credit ratings, loan initialising, collateral management, extraction of credit portfolio management information, early warning are performed automatically, with operational errors, processing time reduced and the quality of information improved.

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) is also continuingly operated and upgraded to create standardised data sources and measurement and monitor tools for the management of liquidity risk and interest rate risk.

Management of currency risk: The Bank has successfully and simultaneously implanted Treasury model from organisational model, policy document system to supporting tools according to international practices. The Bank has separated the function and responsibility of the Front-to-Back (the Straight Through Process) system to ensure independence and cross check to mitigate possible risks. The Bank uses Treasury Murex 3 system, which is one of the most modern ones, for automatic management of fund under the Straight Through System. The reporting system measure and monitor the risks to ensure complete express of profit to market value, risk measurement to each product/transaction counter and monitoring mechanism of delegation in capital business. On that basis, currency risk reports are periodically sent to the managers and transaction unit to support in decision making process to ensure secure and effective operation.

The policies on currency risk, interest rate risk, credit risk and liquidity risk are analysed in details in Notes 45, 46, 47 and 48, respectively.

Determination of fair value of financial instruments

The Bank uses the method and assumptions to estimate fair value as follows: Fair value of cash and short-term deposits is measured at the carrying value of such items because these are short-term instruments.

The Bank's financial instruments are detailed as follows:

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

44. FINANCIAL INSTRUMENTS (Continued)

	Carrying value		Fair value	
	(Excluding provision)		31/12/2015	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	million VND	million VND	million VND	million VND
Financial assets				
Cash on hand, gold and gemstones	5,003,577	4,598,290	5,003,577	4,598,290
Balances with the State Bank of Vietnam	11,892,122	9,876,030	11,892,122	9,876,030
Placements with and loans to other credit institutions	67,516,251	75,770,178	(*)	(*)
Trading securities - Debt securities	3,200,074	3,595,310	(*)	(*)
Loans to customers	533,102,761	438,264,664	(*)	(*)
Investment securities - Equity securities with market price reference	274,036	44,023	211,872	25,132
Investment securities - Debt securities	120,274,225	92,629,616	(*)	(*)
Other long-term investments	561,974	440,136	(*)	(*)
Other receivables	1,137,342	1,527,969	(*)	(*)
Interest and fee receivables	12,733,323	12,611,980	(*)	(*)
Other assets	123,935	123,935	(*)	(*)
	755,819,620	639,482,131		
Financial liabilities				
Borrowings from the Government and the SBY	13,205,518	4,731,403	(*)	(*)
Deposits and borrowings from other credit institutions	98,788,429	103,770,035	(*)	(*)
Deposits from customers	492,566,502	424,241,062	(*)	(*)
Derivatives financial instruments and other financial liabilities	117,619	415,778	(*)	(*)
Grants, trusted funds and borrowings at risk of the credit institution	55,131,061	32,729,590	(*)	(*)
Valuable papers issued	20,860,497	5,294,073	(*)	(*)
Accrued fee and interest expenses	5,844,004	5,689,492	(*)	(*)
Other payables and liabilities	32,737,450	26,027,519	(*)	(*)
	719,251,080	602,898,952		

(*) The Bank has not assessed fair value of the financial assets and financial liabilities as at 31 December 2015 because Vietnamese Accounting Standards as well as prevailing regulations have not had specific guidance on the fair value determination of such items.

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

FORM B 05/TCTD

44. FINANCIAL INSTRUMENTS (Continued)

Classification of financial assets as at 31 December 2015:

	Financial assets			Total million VND
	Held-for-trading million VND	Held-to-maturity million VND	Loans and receivables million VND	
Cash on hand, gold and gemstones	5,003,577	-	-	5,003,577
Balances with the State Bank of Vietnam	11,892,122	-	-	11,892,122
Placements with and loans to other credit institutions	-	-	67,516,251	67,516,251
Trading securities	3,200,074	-	-	3,200,074
Loans to customers	-	-	533,102,761	533,102,761
Investment securities	-	12,928,649	-	12,928,649
Long-term investments	-	-	-	-
Other receivables	-	-	1,137,342	1,137,342
Interest and fee receivables	-	-	12,733,323	12,733,323
Other assets	-	-	123,935	123,935
	20,095,773	12,928,649	614,613,612	755,819,620
			108,181,586	755,819,620

Classification of financial liabilities as at 31 December 2015

Except for derivative financial instruments which are classified as held-for-trading, all financial liabilities of the Bank as at 31 December 2015 are classified as financial liabilities measured at amortised cost.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

45. 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 mobilisation and lending
- Currency risks in investments.

The economic situation and macroeconomic policies during the year which had significant effects on the Bank's current operations:

In 2015, to actively and flexibly respond to the Chinese devaluation of the Yuan and ability that the Federal Reserve System ("FED") raises interest rate to stabilize the foreign exchange rate market and the competitiveness of Vietnamese goods, the State Bank of Vietnam has twice consecutively increased exchange rate. The pressure of exchange rate increased highly from the second half of August and continuously maintained close to the ceiling rate. On 25 September 2015, after the State Bank of Vietnam issued Decision No. 1938/QĐ-NHNN on maximum deposit interest rate in USD Dollar applied to organisations and individuals at credit institutions and foreign bank branches, lowering the ceiling on interest rate in USD to 0% applied for organisations and 0.25% for individuals, the exchange rate market showed signs of cooling off.

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

Based on 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 mobilised funds in the same currency, thus no currency risk arises in lending and mobilisation activities.

For investment activities:

The Bank faces currency risk with regards to its investment in Indovina Bank Ltd. and the investment in the establishment of new branches in Germany and Laos. 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.

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

45. CURRENCY RISK (Continued)

Carrying amounts of assets and liabilities by currencies as at 31 December 2015 are as follows:

ITEMS	EUR equivalent		USD equivalent		VND		Other currencies		Total
	million VND	million VND	million VND	million VND	million VND	million VND	million VND		
Assets									
Cash, gold and gemstones	92,584	517,612	4,378,889	14,492	5,003,577				
Balances with the State Bank of Vietnam	-	3,106,492	8,785,630	-	11,892,122				
Placements with and loans to other credit institutions (*)	2,827,972	42,891,306	21,244,583	552,390	67,516,251				
Trading securities (*)	-	-	3,200,074	-	3,200,074				
Derivative financial instruments and other financial assets	-	-	-	-	-				
Loans to customers (*)	1,528,480	62,182,567	469,391,714	-	533,102,761				
Investment securities (*)	-	-	120,548,261	-	120,548,261				
Long-term investments (*)	-	1,688,788	5,562,856	-	7,251,644				
Fixed assets	72,596	-	8,227,040	-	8,299,636				
Other assets	961,044	826,283	25,070,360	-	26,857,687				
Total assets	5,482,676	111,213,048	666,409,407	566,882	783,672,013				
Liabilities and owners' equity									
Borrowings from the Government and the SBV	-	5,196	13,200,322	-	13,205,518				
Deposits and borrowings from other credit institutions	488,189	54,459,098	43,551,167	289,975	98,788,429				
Deposits from customers	8,674,524	35,479,826	448,360,639	51,513	492,566,502				
Derivative financial instruments and other financial liabilities	-	117,619	-	-	117,619				
Grants, trusted funds and borrowings at risk of the credit institution	205,490	7,994,948	46,930,623	-	55,131,061				
Valuable papers issued	-	5,458,860	15,401,637	-	20,860,497				
Other liabilities	1,784,967	1,039,422	38,921,966	-	41,746,355				
Capital and reserves	-	-	54,933,977	-	54,933,977				
Total liabilities and owners' equity	11,153,170	104,554,969	661,300,331	341,488	777,349,958				
Balance sheet currency position	(5,670,494)	6,658,079	5,109,076	225,394	6,322,055				
Total currency position	(5,670,494)	6,658,079	5,109,076	225,394	6,322,055				

(*) Excluding risk provision.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

46. 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 mobilisation and lending activities.

The effective interest rate re-pricing term of assets and liabilities is the remaining period from the date of separate 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; long-term investments and other assets (including fixed assets, investment properties and other assets) are classified as non-interest-bearing items;
- Balances with the SBV are considered settlement deposits, thus the effective interest rate re-pricing term is assumed to be within one month;
- The effective interest rate re-pricing term of trading securities is determined based on the contractual re-pricing term or the re-pricing term in accordance with the regulation on the maximum holding period of the Bank, whichever comes earlier;
- 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 fund and borrowing 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 balance sheet date to maturity date;
 - Items with floating interest rate: the effective interest rate re-pricing term is determined from the balance sheet date to the nearest interest rate re-pricing date.

The Bank's interest rate risk policies

For inter-bank lending (short-term activities), investment interest rate is based on the fluctuation of the market and the Bank's funding cost. The inter-bank 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 mobilisation: interest rate for fund mobilisation 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 mobilised mainly with short interest rate re-pricing term.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

46. INTEREST RATE RISK (Continued)

The Bank's interest rate risk policies (Continued)

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 and medium term loans' interest must be float to minimize possible interest rate risk to arise.

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

- The Bank has been implementing the completed systems of the rules, regulations and procedures of interest rate management in the Bank in accordance with international rules and Basel II regulations; implementing interest rate management under "3 control stages" rule.
- 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 mobilised and are controlled within established limits by the Bank.

Interest Rate 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 completed stage 2 of internal fund transfer pricing system - FTP, which enhanced the Bank's capital and interest management; the Bank also completed stage 2 of ALM system project of managing assets-liabilities for creating standardised data source and effective measures and control for 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 mobilisation rates.

With the experience and sensitivity in managing, the Bank has been cautiously, flexibly managing the deposit and loan interest rate mechanism to ensure the safety and effectiveness of the business operation. As shown in the interest rate re-pricing gap report, the majority of interest bearing assets of the Bank has re-pricing term within 01 month, which is in line with the re-pricing structure of the mobilised funds that have short interest rate re-pricing term.

Interest rate sensitivity

Since Circular 210 does not provide specific guidance on implementation of interest rate sensitivity analysis, the Bank has not disclosed such information herein.

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

FORM B 05/TCTD

46. INTEREST RATE RISK (Continued)

	Non - interest bearing million VND	Overdue				Current				Total million VND	
		Over 03 months	Within 03 months	Within 01 month	From 01 to 03 months	From 03 to 06 months	From 06 to 12 months	From 01 to 05 years	Over 05 years		
		million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND		
Assets											
Cash, gold and gemstones	5,003,577	-	-	-	-	-	-	-	-	-	5,003,577
Balances with the State Bank of Vietnam	-	-	11,892,122	-	-	-	-	-	-	-	11,892,122
Placements with and loans to other credit institutions (*)	-	-	56,767,251	10,361,900	-	387,100	-	-	-	-	67,516,251
Trading securities (*)	-	-	3,200,074	-	-	-	-	-	-	-	3,200,074
Loans to customers (*)	-	4,904,070	3,083,144	86,639,918	404,023,364	25,223,116	5,759,111	2,938,054	511,984	533,102,761	
Investment securities (*)	274,036	-	-	26,315,006	13,735,464	3,787,543	25,780,960	37,428,504	13,226,748	120,548,261	
Long-term investments (*)	7,251,644	-	-	-	-	-	-	-	-	-	7,251,644
Fixed assets	8,299,636	-	-	-	-	-	-	-	-	-	8,299,636
Other assets	26,857,687	-	-	-	-	-	-	-	-	-	26,857,687
Total assets	47,686,580	4,904,070	3,083,144	123,316,824	489,618,275	29,010,659	31,927,171	40,386,558	13,738,732	783,672,013	
Liabilities											
Borrowings from the Government and the SBV	-	-	-	3,599,556	7,013,061	568,148	1,800,778	222,362	1,613	13,205,518	
Deposits and borrowings from other credit institutions	-	-	-	27,744,134	58,641,318	11,133,357	1,269,620	-	-	98,788,429	
Deposits from customers	-	-	-	132,992,956	123,141,626	56,152,580	131,022,690	49,256,650	-	492,566,502	
Derivative financial instruments and other financial liabilities	117,619	-	-	-	-	-	-	-	-	117,619	
Grants, trusted funds and borrowings at risk of the credit institution	-	-	-	5,241,035	24,724,951	22,856,793	2,239,205	69,077	-	55,131,061	
Valuable papers issued	-	-	-	1,745,322	2,851,681	5,651,992	1,638,600	5,472,902	3,500,000	20,860,497	
Other liabilities	41,746,355	-	-	-	-	-	-	-	-	41,746,355	
Total liabilities	41,863,974	-	-	171,323,003	216,372,637	96,362,870	137,970,893	55,020,991	3,501,613	722,415,981	
Balance sheet net interest gap	5,822,606	4,904,070	3,083,144	(48,006,179)	(67,352,211)	(106,043,722)	(14,634,433)	10,237,119	10,237,119	61,256,032	

(*) Excluding risk provision.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

47. 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 geographical 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. Risk rating is subject to regular assessment.

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.

Financial assets overdue but not impaired

The Bank's overdue financial assets that are not impaired include overdue loans with no provision required under Vietnamese Accounting Standards, Accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. The aging of such financial assets as at 31 December 2015 is presented below:

	Overdue			
	Within 90 days	91-180 days	181-360 days	Over 360 days
	million VND	million VND	million VND	million VND
Loans to customers	483,508	79,520	166,055	1,215,464

The Bank is currently holding collaterals in the forms of real estate, movable assets, valuable papers and others in kind for the above financial assets. For the purpose of determining whether the assets are impaired and any provision is needed in accordance with Vietnamese Accounting Standards, these assets' values are measured in accordance with Circular 02 and Circular 09 (see Note 39).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

48. 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 because 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 mobilise funds at a higher cost to meet its payment obligations.

The Bank had issued regulations and procedures on the liquidity 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 minimise this risk, 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 Committee meeting, fund balance and liquidity of the Bank is one of the key contents to be discussed. Based on analysis and evaluation, ALCO Committee makes recommendations to the Board of Directors and the Board of 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 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:

- Balance with the State Bank of Vietnam is considered current deposit including the compulsory reserve, which is determined upon the composition and maturity of the Bank's customer deposits.
- The maturity term of investment securities is based on the contractual maturity date.
- The maturity date of trading securities is based on contractual maturity date or the maturity date in accordance with the regulation on the maximum holding period of the Bank, whichever comes earlier.
- The maturity term of deposits with and loans to other credit institutions and loans to customers is based on the contractual maturity date. The actual due date may be different from contractual term when the contract is extended.
- The maturity term of equity investment is considered to be over five years as equity investments have indefinite maturity.
- The maturity term of deposits, loans from other credit institutions is based on the contractual maturity date.
- The maturity term of deposits from customers are determined based on the customer behaviour analysis and the forecast on interest rate policy and other macroeconomic factors.
- Vostro accounts and current accounts paid upon customers' demand are considered to be current.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

48. 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 mobilisation and utilisation, the Bank makes decisions on appropriate management of capital adequacy.

Based on the projection of capital adequacy, 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 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 INCAS, the interbank payment program CITAD. On the basis of centralised payment at the Head Office, the Bank actively performs liquidity risk management on a daily basis. Currently, the Bank is promptly completing and developing the procedures as well as applying and upgrading software for risk management in accordance with international standards.

The data in the Liquidity Risk Report as at 31 December 2015 shows that the Bank's funds are fairly plentiful with terms ranging from 01 to 12 months, the longer-term funds are quite limited. This is a common situation of commercial banks in Vietnam. In fact, the Bank still maintains an appropriate rate of short-term funds utilisation for medium and long-term loans within the limit set by the State Bank.

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

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

108 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Separate financial statements
For the year ended 31 December 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

FORM B 05/CTCD

48. LIQUIDITY RISK (Continued)

	Overdue		Current					Total million VND
	Over 03 months	Within 03 months	Within 01 month	From 01 to 03 months	From 03 to 12 months	From 01 to 05 years	Over 05 years	
	million VND	million VND	million VND	million VND	million VND	million VND	million VND	
Assets								
Cash, gold and gemstones	-	-	5,003,577	-	-	-	-	5,003,577
Balances with the SBV	-	-	11,892,122	-	-	-	-	11,892,122
Placements with and loans to other credit institutions (*)	-	-	55,766,251	10,361,900	1,388,100	-	-	67,516,251
Trading securities (*)	-	-	3,200,074	-	-	-	-	3,200,074
Loans to customers (*)	4,904,070	3,083,144	79,965,414	122,622,962	207,910,077	90,627,469	23,989,625	533,102,761
Investment securities (*)	-	-	2,457,500	2,770,617	8,943,369	78,993,930	27,382,845	120,548,261
Long-term investments (*)	-	-	-	-	-	-	7,251,644	7,251,644
Fixed assets	-	-	-	-	-	-	8,299,636	8,299,636
Other assets	-	-	-	-	-	-	26,857,687	26,857,687
Total assets	4,904,070	3,083,144	158,284,938	135,755,479	218,241,546	169,621,399	93,781,437	783,672,013
Liabilities								
Borrowings from the Government and the SBV	-	-	7,013,061	3,599,556	2,368,926	222,362	1,613	13,205,518
Deposits and borrowings from other credit institutions	-	-	52,621,568	24,463,337	15,077,900	6,285,534	340,090	98,788,429
Deposits from customers	-	-	123,141,626	132,992,956	187,175,270	49,256,650	-	492,566,502
Derivative financial instruments and other financial liabilities	-	-	117,619	-	-	-	-	117,619
Grants, trusted funds and borrowings at risk of the credit institution	-	-	24,724,951	5,241,035	20,665,842	1,762,983	2,736,250	55,131,061
Valuable papers issued	-	-	2,851,681	1,745,322	2,790,593	5,472,901	8,000,000	20,860,497
Other liabilities	-	-	874,962	969,650	4,363,424	23,271,599	12,266,720	41,746,355
Total liabilities	-	-	211,345,468	169,011,856	232,441,955	86,272,029	23,344,673	722,415,981
Net liquidity difference	4,904,070	3,083,144	(53,060,530)	(33,256,377)	(14,200,409)	83,349,370	70,436,764	61,256,032

(*) Excluding risk provision.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

49. CAPITAL AND OPERATING LEASE COMMITMENTS

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Capital commitments: office construction and equipment acquisition	935,197	462,840
Irrevocable operating lease commitments	<u>507,670</u>	<u>773,432</u>
Of which:		
- Due within 1 year	126,607	168,339
- Due from 2 years to 5 years	325,948	355,434
- Due after 5 years	55,115	249,659

50. CONTINGENT LIABILITIES

As at 31 December 2015, the Bank has legal rights and obligations related to the case of Huynh Thi Huyen Nhu and the other former employees of Ho Chi Minh City branch and Nha Be branch of the Bank. As at 07 January 2015, the Appeal Court of People's Supreme Court at Ho Chi Minh City ("the Appeal Court") had judged the case, sentencing the accused for swindling to appropriate assets and certain other crimes, simultaneously reaching a verdict on judgment against accused members. In terms of civil responsibilities, Huynh Thi Huyen Nhu was responsible for reimbursement to three (03) banks, four (04) companies and three (03) individuals which were defrauded by her and the Bank neither has compensation obligations, joint liability nor incurs any financial loss with regards to the illegal actions of the accused members mentioned above. The Appeal Court has ceased the first instance judgment in part relating to Huynh Thi Huyen Nhu's illegal actions to five (05) other companies for re-investigation and judgment as regulated by laws. Accordingly, the responsibilities and legal obligations of the parties concerned shall be defined only when the case has been re-investigated and tried with effective judgment and verdict. However, based on the results of the reconciliation, examination and cross-check procedures performed up to the reporting date, the Bank's management believes that the Bank neither has joint liability nor incurs any financial loss with regards to the illegal actions of the accused individuals mentioned above.

51. OTHER COMMITMENT

On 22 May 2015, the Bank and Petrolimex Joint Stock Commercial Bank ("PG Bank") signed the Merger agreement. The merger of PG Bank into the Bank shall be under a stock swap with the ratio of 1:0.9 (i.e. 1 PG Bank share shall be swapped for 0.9 share of the Bank) under approval by the General Shareholders' Meeting according to Resolution No. 14/NQ-DHDCD dated 14 April 2015. Accordingly, the Bank will issue 300 million shares, of which 270 million shares will be issued to PG Bank's shareholders to swap for 300 million shares of PG Bank, the remaining 30 million shares will be issued to the existing shareholders of the Bank. Up to the reporting date, the Bank and PG Bank have been implementing the procedures for the State authorities' approval for the merger.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

52. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AT BALANCE SHEET DATE

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
USD	21,890	21,246
EUR	24,560	25,908
GBP	33,303	33,210
CHF	22,695	21,548
JPY	187	178.32
SGD	15,893	16,137
CAD	16,193	18,389
AUD	16,401	17,459
NZD	15,390	16,711
THB	613	638.42
SEK	2,672	2,762
NOK	2,560	2,878
DKK	3,292	3,480
HKD	2,899	2,749
CNY	3,451	3,426
KRW	19.13	19.60
LAK	2.76	2.62
MYR	5,238	6,100

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

53. COMPARATIVE FIGURES

53.1 Adjustments/Restatement of opening balances and the bases of adjustments

The comparative figures are the figures in the audited separate financial statements for the year ended 31 December 2014.

In 2015, the Bank has made retrospective adjustments to and restated some figures in accordance with the results of the Government Inspection and the State Auditor for the separate financial statements for the year ended 31 December 2014 as follows:

Separate balance sheet items	Previously presented in the separate financial statements for the year ended 31 December 2014	Adjustment	Represented in the separate financial statements for the year ended 31 December 2015
	million VND	million VND	million VND
Provisions for credit losses of loans to customers	(4,309,771)	(20,554)	(4,330,325)
Cost of intangible assets	4,769,115	22,819	4,791,934
Accumulated amortisation of intangible assets	(625,813)	(899)	(626,712)
Other receivables	9,841,414	106,814	9,948,228
Interest and fee receivables	12,619,762	(7,782)	12,611,980
Provisions for impairment of other balance sheet assets	-	(158)	(158)
Other payables and liabilities	29,200,482	79,488	29,279,970
Reserves	4,100,651	92,327	4,192,978
Retained earnings	3,855,293	(71,575)	3,783,718
Off-balance sheet items	Previously presented in the separate financial statements for the year ended 31 December 2014	Adjustment	Represented in the separate financial statements for the year ended 31 December 2015
	million VND	million VND	million VND
Other guarantees	21,884,106	(10,409)	21,873,697

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

53. COMPARATIVE FIGURES (Continued)

53.1 Adjustments/Restatement of opening balances and the bases of adjustments (Continued)

Separate income statement items	Previously presented in the separate financial statements for the year ended	Adjustment	Represented in the separate financial statements for the year ended
	31 December 2014		31 December 2015
	million VND	million VND	million VND
Interest and similar income (*)	40,769,128	280,816	41,049,944
Income from services (*)	2,010,128	(289,141)	1,720,987
Expenses on services	730,909	(73)	730,836
Net gain from trading foreign currencies	384,857	69	384,926
Other operating income	3,687,354	1,217	3,688,571
Income from capital contribution, equity investments	304,125	3,294	307,419
Operating expenses	9,589,146	(24,092)	9,565,054
Provision expenses for credit losses	3,860,083	20,711	3,880,794
Current corporate income tax expenses	1,512,493	(789)	1,511,704

(*) Including an amount of VND 286,358 million of income from guarantee services which is reclassified from "Income from services" to "Interest and similar income" according to Circular No.49/2014/TT-NHNN effective from 15 February 2015.

Separate cashflow statement items	Previously presented in the separate financial statements for the year ended	Adjustment	Represented in the separate financial statements for the year ended
	31 December 2014		31 December 2015
	million VND	million VND	million VND
Interest and similar income received (*)	38,115,696	286,358	38,402,054
Service income received (*)	1,214,726	(286,358)	928,368
Receipts from debts written-off or paid off by risk fund	1,181,765	1,217	1,182,982
Payments to employees and for operating management	(8,948,080)	22,739	(8,925,341)
Increase in other operating liabilities	5,720,826	(1,217)	5,719,609
Acquisition of fixed assets	(3,132,824)	(22,739)	(3,155,563)

(*) Including an amount of VND 286,358 million of income from guarantee services which is reclassified from "Service income received" to "Interest and similar income received" according to Circular No.49/2014/TT-NHNN effective from 15 February 2015.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements

53. COMPARATIVE FIGURES (Continued)

53.2 Presentation and reclassification under the guidance of Circular 49

Some figures as at 31 December 2014 are additionally presented under the guidance of Circular 49 as follows:

Off-balance sheet items	Presented in the separate financial statements for the year ended 31 December 2014	Addition to the separate financial statements for the year ended 31 December 2015	Reason
		million VND	
Foreign exchange transactions commitments	Not presented	62,361,790	According to Circular 49
<i>Buying foreign currency commitments</i>	<i>Not presented</i>	<i>1,274,173</i>	
<i>Selling foreign currency commitments</i>	<i>Not presented</i>	<i>1,274,379</i>	
<i>Cross currency swap contracts</i>	<i>Not presented</i>	<i>59,813,238</i>	

Preparer *llc*

Le Nhu Hoa
Head of Financial Accounting
Management Department

21 March 2016

Approver

Nguyen Hai Hung
Chief Accountant



Trần Minh Bình
Deputy General Director