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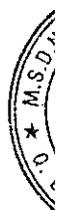
**VIETNAM JOINT STOCK COMMERCIAL BANK  
FOR INDUSTRY AND TRADE**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED SEPARATE  
FINANCIAL STATEMENTS**

**For the period from 01 January 2015 to 30 June 2015**

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



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## **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 period from 01 January 2015 to 30 June 2015.

### **BOARDS OF DIRECTORS AND MANAGEMENT**

The members of the Boards of Directors and Management of the Bank who held office during the period 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 financial position of the Bank and of its results and cash flows for the period 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 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, 27 August 2015*

## REVIEW REPORT ON THE SEPERATE FINANCIAL STATEMENTS

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

We have reviewed the accompanying balance sheet as at 30 June 2015, the related separate statements of income and cash flow for the period from 01 January 2015 to 30 June 2015, and the notes thereto (collectively referred to as the "separate financial statements") of Vietnam Joint Stock Commercial Bank for Industry and Trade (the "Bank") prepared on 27 August 2015, as set out from page 04 to page 73. The preparation of these separate financial statements is the responsibility of the Bank's management. Our responsibility is to issue a review report on these separate financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate financial statements do not give a true and fair view of, in all material respects, the financial position of the Bank as at 30 June 2015, the results of its operations and its cash flows for the period from 01 January 2015 to 30 June 2015 in accordance with Vietnamese Accounting Standards, Accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting.

Without modifying our conclusion, we would like to draw readers' attention to Note 47 of the Notes to the separate financial statements "Contingent liabilities". As at 30 June 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 the reporting date, the Appeal Court of People's Supreme Court at Ho Chi Minh City ("the Appeal Court") had judged the case on 07 January 2015, 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 trial with effective judgment and verdict.



**Khuê Thị Lan Anh**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0036-2013-001-1

**For and on behalf of**  
**DELOITTE VIETNAM COMPANY LIMITED**

27 August 2015  
Hanoi, S.R. Vietnam

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

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

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

**Separate financial statements**  
For the period from 01 January 2015  
to 30 June 2015

**BALANCE SHEET**

*As at 30 June 2015*

**FORM B02a/TCTD**  
*Unit: Million VND*

NO. ITEMS	Notes	30/6/2015	31/12/2014
<b>A. ASSETS</b>			
<b>I. Cash, gold and gemstones</b>	<b>5</b>	<b>4,150,070</b>	<b>4,598,290</b>
<b>II. Balances with the State Bank of Vietnam ("SBV")</b>	<b>6</b>	<b>13,644,568</b>	<b>9,876,030</b>
<b>III. Placements with and loans to other credit institutions</b>	<b>7</b>	<b>48,040,498</b>	<b>75,770,178</b>
1. Placements with other credit institutions		45,436,939	67,097,386
2. Loans to other credit institutions		2,603,559	8,672,792
3. Provisions for losses		-	-
<b>IV. Trading securities</b>	<b>8</b>	<b>1,210,953</b>	<b>3,595,310</b>
1. Trading securities		1,210,953	3,595,310
2. Provisions for impairment of trading securities		-	-
<b>V. Loans to customers</b>		<b>474,049,954</b>	<b>433,954,893</b>
1. Loans to customers	10	479,046,030	438,264,664
2. Provisions for credit losses of loans to customers	11	(4,996,076)	(4,309,771)
<b>VI. Investment securities</b>		<b>102,722,005</b>	<b>92,047,032</b>
1. Available-for-sale investment securities	12	94,314,286	85,964,781
2. Held-to-maturity investment securities	12	9,413,991	6,708,858
3. Provisions for impairment of investment securities	13	(1,006,272)	(626,607)
<b>VII. Long-term investments</b>	<b>14</b>	<b>5,797,156</b>	<b>5,771,885</b>
1. Investments in subsidiaries		3,317,232	3,317,232
2. Investments in joint-ventures		2,088,788	2,088,788
3. Other long-term investments		440,136	440,136
4. Provisions for impairment of long-term investments		(49,000)	(74,271)
<b>VIII. Fixed assets</b>		<b>8,367,836</b>	<b>8,767,080</b>
1. Tangible fixed assets	15	4,259,341	4,623,778
<i>a. Cost</i>		9,228,919	9,231,557
<i>b. Accumulated depreciation</i>		(4,969,578)	(4,607,779)
2. Intangible assets	16	4,108,495	4,143,302
<i>a. Cost</i>		4,811,091	4,769,115
<i>b. Accumulated amortisation</i>		(702,596)	(625,813)
<b>IX. Other assets</b>		<b>26,357,754</b>	<b>25,851,034</b>
1. Other receivables	17	10,768,175	9,841,414
2. Interest and fee receivables		12,205,463	12,619,762
3. Other assets	18	3,384,116	3,389,858
4. Provisions for impairment of other balance sheet assets		-	-
<b>TOTAL ASSETS</b>		<b>684,340,794</b>	<b>660,231,732</b>

*The notes set out from pages 10 to 73 are an integral part of these separate financial statements*

**BALANCE SHEET (Continued)**

*As at 30 June 2015*

**FORM B02a/TCTD**  
*Unit: Million VND*

NO. ITEMS	Notes	30/6/2015	31/12/2014
<b>B. LIABILITIES AND OWNERS' EQUITY</b>			
<b>I. Borrowings from the Government and the SBV</b>	<b>19</b>	<b>1,925,073</b>	<b>4,731,403</b>
<b>II. Deposits and borrowings from other credit institutions</b>	<b>20</b>	<b>103,813,515</b>	<b>103,770,035</b>
1. Deposits from other credit institutions		47,623,431	42,040,406
2. Borrowings from other credit institutions		56,190,084	61,729,629
<b>III. Deposits from customers</b>	<b>21</b>	<b>449,245,717</b>	<b>424,241,062</b>
<b>IV. Derivative financial instruments and other financial liabilities</b>	<b>9</b>	<b>366,275</b>	<b>415,778</b>
<b>V. Grants, trusted funds and borrowings at risk of the credit institution</b>	<b>22</b>	<b>41,424,528</b>	<b>32,729,590</b>
<b>VI. Valuable papers issued</b>	<b>23</b>	<b>9,904,527</b>	<b>5,294,073</b>
<b>VII. Other liabilities</b>		<b>24,345,140</b>	<b>34,889,974</b>
1. Accrued fee and interest expenses		5,088,940	5,689,492
2. Other payables and liabilities	24	19,256,200	29,200,482
3. Other provisions	24	-	-
<b>TOTAL LIABILITIES</b>		<b>631,024,775</b>	<b>606,071,915</b>
<b>VIII. Capital and reserves</b>	<b>26</b>	<b>53,316,019</b>	<b>54,159,817</b>
1. Contributed capital		46,203,873	46,203,873
<i>a. Charter capital</i>		<i>37,234,046</i>	<i>37,234,046</i>
<i>b. Share premium</i>		<i>8,969,827</i>	<i>8,969,827</i>
2. Reserves		4,100,958	4,100,651
3. Retained earnings		3,011,188	3,855,293
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>684,340,794</b>	<b>660,231,732</b>

*The notes set out from pages 10 to 73 are an integral part of these separate financial statements*

**BALANCE SHEET (Continued)**

*As at 30 June 2015*

**FORM B02a/TCTD**  
*Unit: Million VND*

**OFF - BALANCE SHEET ITEMS**

NO. ITEMS	Notes	30/6/2015	31/12/2014 (*)
1. Credit guarantees	39	7,069,566	2,496,147
2. Foreign exchange transactions commitments	39	82,054,085	62,361,790
<i>Buying foreign currency commitments</i>		5,717,867	1,274,173
<i>Selling foreign currency commitments</i>		5,728,615	1,274,379
<i>Cross currency swap contracts</i>		70,607,603	59,813,238
3. Letters of credit	39	34,973,232	29,742,703
4. Other guarantees	39	22,542,319	21,884,106
5. Other commitments	39	19,388,099	26,392,728

(\*) Some items have been added for comparison purpose.

Preparer *le*

Approver

*Le Nhu Hoa*

*Nguyen Hai Hung*



**Le Nhu Hoa**  
Head of Financial Accounting  
Management Department

**Nguyen Hai Hung**  
Chief Accountant

**Tran Minh Binh**  
Deputy General Director

*27 August 2015*

*The notes set out from pages 10 to 73 are an integral part of these separate financial statements*

**INCOME STATEMENT**

For the period from 01 January 2015 to 30 June 2015

**FORM B03a/TCTD**  
Unit: Million VND

NO. ITEMS	Notes	From 01/01/2015	From 01/01/2014
		to 30/6/2015	to 30/6/2014 (*)
1. Interest and similar income	27	20,581,279 ✓	20,597,167 ✓
2. Interest and similar expenses	28	(11,137,644) ✓	(11,902,392) ✓
<b>I. Net interest income</b>		<b>9,443,635 ✓</b>	<b>8,694,775 ✓</b>
3. Income from services		923,279 ✓	858,151 ✓
4. Expenses on services		(357,946) ✓	(309,522) ✓
<b>II. Net profit from services</b>	<b>29</b>	<b>565,333 ✓</b>	<b>548,629 ✓</b>
<b>III. Net gain from trading foreign currencies</b>	<b>30</b>	<b>61,867 ✓</b>	<b>192,048 ✓</b>
<b>IV. Net gain from trading securities</b>	<b>31</b>	<b>111,812 ✓</b>	<b>58,888 ✓</b>
<b>V. Net (loss) from investment securities</b>	<b>32</b>	<b>(103,820) ✓</b>	<b>(116,711) ✓</b>
5. Other operating income		1,325,934 ✓	973,689 ✓
6. Other operating expenses		(795,110) ✓	(867,302) ✓
<b>VI. Net profit from other activities</b>	<b>33</b>	<b>530,824 ✓</b>	<b>106,387 ✓</b>
<b>VII. Income from capital contribution, equity investments</b>	<b>34</b>	<b>10,203 ✓</b>	<b>164,000 ✓</b>
<b>VIII. Operating expenses</b>	<b>35</b>	<b>(4,416,351) ✓</b>	<b>(4,145,654) ✓</b>
<b>IX. Net profit from operating activities before credit provision expenses</b>		<b>6,203,503 ✓</b>	<b>5,502,362 ✓</b>
<b>X. Provision expenses for credit losses</b>		<b>(2,524,286) ✓</b>	<b>(1,682,881) ✓</b>
<b>XI. Profit before tax</b>		<b>3,679,217 ✓</b>	<b>3,819,481 ✓</b>
7. Current corporate income tax expenses	36	(809,212) ✓	(819,771) ✓
<b>XII. Corporate income tax expenses</b>	<b>36</b>	<b>(809,212) ✓</b>	<b>(819,771) ✓</b>
<b>XIII. Profit after corporate income tax</b>		<b>2,870,005 ✓</b>	<b>2,999,710 ✓</b>

(\*) Some items have been reclassified for comparison purpose.

Preparer *le*

Approver

*le*

*le*



**Le Nhu Hoa**  
Head of Financial Accounting  
Management Department

**Nguyen Hai Hung**  
Chief Accountant

**Tran Minh Binh**  
Deputy General Director

27 August 2015

The notes set out from pages 10 to 73 are an integral part of these separate financial statements

**CASH FLOW STATEMENT**

*For the period from 01 January 2015 to 30 June 2015*

**FORM B04a/TCTD**  
*Unit: Million VND*

NO. ITEMS	From 01/01/2015 to 30/6/2015	From 01/01/2014 to 30/6/2014 (*)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
01. Interest and similar income received	21,002,519	20,362,798
02. Interest and similar expenses paid	(11,738,210)	(11,855,024)
03. Service income received	558,353	519,375
04. Net cash received from trading foreign currencies, gold and securities	507,197	329,970
05. Other expenses	(138,716)	(289,391)
06. Receipts from debts written-off or paid off by risk fund	686,080	585,409
07. Payments to employees and for operating management	(4,471,579)	(4,640,408)
08. Corporate income tax paid	(514,751)	(465,616)
<b>Net cash from operating profit before movements in assets and working capital</b>	<b>5,890,893</b>	<b>4,547,113</b>
<i>Movement in operating assets</i>	<i>(37,679,886)</i>	<i>10,596,624</i>
09. Decrease in deposits at and loans to other credit institutions	6,325,285	13,270,326
10. Decrease/(Increase) in trading securities	1,644,091	(585,814)
11. Decrease in derivatives and other financial assets	-	164,334
12. (Increase) in loans to customers	(43,486,499)	(1,931,036)
13. (Decrease) in provisions for losses	(1,557,284)	(70)
14. (Increase) in other operating assets	(605,479)	(321,116)
<i>Movement in operating liabilities</i>	<i>21,979,390</i>	<i>22,599,266</i>
15. (Decrease)/Increase in borrowings from the Government and the State Bank of Vietnam	(2,806,331)	421,864
16. Increase in deposits and borrowings from other credit institutions	43,479	7,925,365
17. Increase in deposits from customers (including State Treasury)	25,004,655	13,195,456
18. Increase/(Decrease) in issued valuable papers (excluding issued valuable papers charged into financial activities)	4,610,455	(11,195,928)
19. Increase/(Decrease) in grants, trusted funds and borrowings at risk of the credit institution	8,694,938	(1,209,494)
20. (Decrease)/Increase in derivatives and other financial liabilities	(49,503)	22,389
21. (Decrease)/Increase in other operating liabilities	(13,517,955)	13,439,649
22. Cash outflows from reserves of the credit institution	(348)	(35)
<b>I. Net cash from/(used in) operating activities</b>	<b>(9,809,603)</b>	<b>37,743,003</b>

*The notes set out from pages 10 to 73 are an integral part of these separate financial statements*

**CASH FLOW STATEMENT (Continued)**

For the period from 01 January 2015 to 30 June 2015

**FORM B04a/TCTD**  
Unit: Million VND

NO. ITEMS	From 01/01/2015	From 01/01/2014
	to 30/6/2015	to 30/6/2014 (*)
	VND	VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
01. Acquisition of fixed assets	(697,830)	(1,821,466)
02. Proceeds from sales, disposal of fixed assets	9,049	1,872
03. Expenses on sales, disposal of fixed assets	(259)	(76)
04. Dividends and profit received from long-term investments and capital contribution	10,203	12,468
<b>II. Net cash (used in) investing activities</b>	<b>(678,837)</b>	<b>(1,807,202)</b>
01. Dividends paid	-	(3,723,405)
<b>III. Net cash (used in) financing activities</b>	<b>-</b>	<b>(3,723,405)</b>
<b>IV. Net (decrease)/increase in cash and cash equivalents</b>	<b>(10,488,440)</b>	<b>32,212,396</b>
<b>V. Cash and cash equivalents at the beginning of the period</b>	<b>87,008,802</b>	<b>74,109,396</b>
<b>VI. Effects of changes in foreign exchange rates</b>	<b>13,600</b>	<b>(249)</b>
<b>VII. Cash and cash equivalents at the end of the period (Note 37)</b>	<b>76,533,962</b>	<b>106,321,543</b>

(\*) Some items have been reclassified for comparison purpose.

Preparer *hu*

Approver



**Le Nhu Hoa**  
Head of Financial Accounting  
Management Department

**Nguyen Hai Hung**  
Chief Accountant

**Tran Minh Binh**  
Deputy General Director

27 August 2015

The notes set out from pages 10 to 73 are an integral part of these separate financial statements

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

**FORM B05a/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/QĐ-NH5 dated 21 September 1996 by the Governor of the State Bank of Vietnam. 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 financial services, discounting commercial papers, bonds and other valuable papers, and providing other banking services allowed by the State Bank of Vietnam (“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 337,162,100.

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 30 June 2015, the Bank’s charter capital is VND 37,234,046 million.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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 30 June 2015, the Bank has one (01) Head Office, one (01) Main Operation Center, three (03) administrative units, two (02) local representative offices, one (01) overseas representative office in Myanmar and one hundred and fifty two (152) branches (including three (03) overseas branches).

**Subsidiaries**

As at 30 June 2015, the Bank has seven (7) subsidiaries 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 Department of Planning and Investment	Banking and finance	100%
2	VietinBank Securities Joint Stock Company	107/UBCK-GP dated 01 July 2009 by State Securities Commission of Vietnam (SSC)	Capital market	76%
3	VietinBank Debt Management and Asset Exploitation Company Ltd.	0302077030/GP dated 20 July 2010 by Ho Chi Minh City Department of Planning and Investment	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 Jewellery Trading Company Ltd.	0105011873/GP dated 25 November 2010 by Hanoi Department of Planning and Investment	Gold and gemstones manufacturing, processing 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 Department of Planning and Investment	Money transfer intermediary	100%

**Employees**

The total number of employees of the Bank as at 30 June 2015 is 19,112 (as at 31 December 2014: 19,059).

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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 impact materially on the separate financial statements in terms of the financial position, the results of operations and cash flows.

The accompanying separate financial statement is not intended to present the 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. These separate financial statements are prepared for the period from 01 January 2015 to 30 June 2015.

**3. APPLICATION OF NEW ISSUED 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 05a/TCTD**

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

**3. APPLICATION OF NEW ISSUED 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 period from 01 January 2015 to 30 June 2015 are as follows:

<b>Items</b>	<b>According to loan classification and provision-making effective before 01 January 2015</b>	<b>According to loan classification and provision-making effective after 01 January 2015</b>	<b>Effect of applying the classification results using customer group classified by CIC</b>
<b>Loans to customer</b>	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.	Loan 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.
<b>Off-balance sheet commitments</b>	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.
<b>Provision expenses for credit losses</b>	Provision expenses for credit losses of loans to customers expense-making 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 05a/TCTD**

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

**3. APPLICATION OF NEW ISSUED GUIDANCE (Continued)**

**Circular No. 49/2014/TT-NHNN**

On 31 December 2014, the State Bank 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 period from 01 January 2015 to 30 June 2015.

Effect of applying the Circular to some main items on the separate financial statements for the period from 01 January 2015 to 30 June 2015 are as follows:

<b>Items</b>	<b>According to former financial reporting regime</b>	<b>According to new financial reporting regime</b>	<b>Effect of applying Circular 49</b>
<b>Loan purchasing</b>	Not required to be presented on Balance sheet.	Required to be presented on Balance sheet.	Record of balance of loan purchasing in VND (account 371) and balance of loan purchasing in foreign currency (account 372) according the guidance in Circular 49.
<b>Provision for loan purchasing risk</b>	Not required to be presented on Balance sheet.	Required to be presented on Balance sheet.	Provision for loan purchasing risk is recorded into account 379 according the guidance in Circular 49.
<b>Interest and similar income</b>	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 the guidance in Circular 49.
<b>Income from services</b>	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 05a/TCTD**

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

**3. APPLICATION OF NEW ISSUED GUIDANCE (Continued)**

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

<b>Items</b>	<b>According to former financial reporting regime</b>	<b>According to new financial reporting regime</b>	<b>Effect of applying Circular 49</b>
<b>Net gain/loss from investment securities</b>	No detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the period.	Detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the period.	Expense related to provision for special bonds issued by VAMC in the period is not included in corresponding provision expense for security trading to deduct (-) when calculating Net gain/loss from trading securities according the guidance in Circular 49.
<b>Other operating expenses</b>	Exclude loan purchasing expense.	Include loan purchasing expense.	Reclassify loan purchasing expense from Operating expense to Other operating expense according the guidance in Circular 49.
<b>Provision expense for credit losses</b>	No detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the period.	Detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the period.	Include expense related to provision for special bonds issued by VAMC in the period according to the guidance in Circular 49.
<b>Off-balance sheet items</b>	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 Removed: - Financing commitments to customers.

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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 period. 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. 1627/2011/QD-NHNN dated 31 December 2011 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 activities by credit institutions and branches of foreign banks issued by the Governor of the State Bank and Circular 09 amending and supplementing a number of articles of Circular 02 on classification of assets, provisioning and use of provision against credit risk in banking activities by credit institutions and branches of foreign banks, credit institutions are required to classify loans and make provisions for credit losses. Accordingly, the classification and provision-making for credit losses 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 05a/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)

- Payments 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 trusters 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.

The Bank performs the classification of loans by the quantitative method as stipulated in Article 10 of Circular 02. Accordingly, loans are graded using the following risk classifications: *Current, Special-mentioned, Sub-standard, Doubtful and Loss* based on the overdue status and other qualitative factors.

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.

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%

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 have not been identified yet 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 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 05a/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 income statement on the cash basis. Dividends are recognized in the 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) are 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 is amortised on the 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.

***Bad 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 05a/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)*

*Bad 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 dated 18 May 2013 of the Government and Circular No. 19/2013/TT-NHNN dated 06 September 2013 of the State Bank of Vietnam. 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:

Annual provision = Face value of the special bond/Term of the special bond.

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 all bad debts bought into charter capital, share capital of borrowers being companies.
- 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 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/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 05a/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 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 utilise 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 above, provisions for impairment of such securities are made in accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009, 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 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 period 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 that the Bank has control are initially recorded using the historical cost method. Historical cost comprises amount of capital contributed plus other cost to maintain its ownership of the investments. The profit distribution that the Bank receives from the accumulated profits of the subsidiaries after the date the Bank starts to have control over the subsidiaries is recorded in the Bank's income statement. The other distributions received are considered as parts of the recovery of the investments and are deducted from the value of the investments.

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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. Joint control is understood as making strategic decisions related to the operational and financial policies of the joint venture must and have the consent of the parties to the joint 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 income statement. The other distributions received are considered as parts of the recovery of investments that are deducted from the value of the investments.

***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 in the investees and the Bank's share of the owner's equity of the investee. The provision for impairment of long-term investments is recorded as an operating expense in the Bank's 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).

***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 05a/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 is recognised in the balance sheet as a liability. The difference between the sale price and repurchase price is amortised to the 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 balance sheet as an asset. The difference between the purchasing price and resale price is amortised to the 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 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 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 (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 income statement.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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 computer software which are stated at cost less accumulated amortisation. Land use rights granted with indefinite term are not amortised; computer software is 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 income statement.

**Leasing**

A lease is considered to be an operating lease when the lessor still bears most of the risks and rewards of ownership of assets. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

***The Bank as the lessor***

The bank records the values of financial lease as receivables at the amount of net investment in finance lease contract. Revenue from financial leases are allocated to the operating periods to ensure that the periodical interest rates on the total balance of net investment in finance lease are fixed.

Revenue from operating leases are recognized on a straight-line basis during the lease term. Initial direct costs to generate revenue from rental business operations are recorded immediately in expenses in the period incurred or amortized into expense over the lease term in accordance with the recorded Operating lease revenue.

***The Bank as the lessee***

Costs of operating leases are recorded in the statement of consolidated operations using the straight-line method over the lease term.

**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 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 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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 cases: institutional debtors which have fell into bankruptcy or have been in the process of dissolution; or individual debtors who are missing, escaped, prosecuted, on trial or pass away even though loans are not overdue. Provision expense incurred is recorded as operating expenses in the income statement during the period.

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.

<b>Overdue status</b>	<b>Rate of provision</b>
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 is stated as a decrease in owners' equity.

**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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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)**

**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 is classified from either group 2 to group 5 during the period is not recognised in the income statement. Accrued interest income of impaired loans is recorded as off-balance sheet item and is only recognised in the income statement when it is actually received.

***Borrowing costs***

Borrowing costs are recorded in the 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 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.

**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 period 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 30 June 2015 in Note 50). 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 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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 (Continued)**

*Resignation allowance*

Resigned employees of the Bank are entitled to receive one-half of the Social Security Wage Base for each year (12 months) of employment at the Bank until 31 December 2008.

*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 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 at the end of the transaction date and recorded in foreign exchange reserve and then transferred to "Net gain/loss from trading foreign currencies" at the balance sheet date.

*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 income statement in "Net gain/loss from trading foreign currencies".

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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)**

**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 05a/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>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Cash in VND	3,539,843	3,987,569
Cash in foreign currencies	592,643	605,366
Valuable papers in foreign currencies	8,041	1,423
Monetary gold	9,543	3,932
	<u>4,150,070</u>	<u>4,598,290</u>

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

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current account at the State Bank of Vietnam		
- In VND	10,977,388	7,356,945
- In foreign currencies	2,667,180	2,519,085
	<u>13,644,568</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 details, 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 30 June 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 30 June 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 05a/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>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Placements with other credit institutions</b>		
Demand deposits	12,575,347	12,906,412
- In VND	7,314,679	6,506,980
- In foreign currencies	5,260,668	6,399,432
Term deposits	32,861,592	54,190,974
- In VND	26,890,000	43,853,000
- In foreign currencies	5,971,592	10,337,974
Provisions for credit losses	-	-
	<u>45,436,939</u>	<u>67,097,386</u>
<b>Loans to other credit institutions</b>		
- In VND	1,758,312	5,379,662
<i>Include: discounts, rediscounts</i>	855,962	4,878,432
- In foreign currencies	845,247	3,293,130
<i>Include: discounts, rediscounts</i>	-	-
- Provisions for credit losses	-	-
	<u>2,603,559</u>	<u>8,672,792</u>
<b>Placements with and loans to other credit institutions</b>	<u>48,040,498</u>	<u>75,770,178</u>
<b>Analysis on quality of loan to other credit institutions</b>		
	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current loans	35,465,151	62,863,766
Special-mentioned loans	-	-
Sub-standard loans	-	-
Doubtful loans	-	-
Loss loans	-	-
<b>Total</b>	<u>35,465,151</u>	<u>62,863,766</u>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**8. TRADING SECURITIES**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Debt securities</b>		
- Government bonds	1,210,953	3,595,310
	<u>1,210,953</u>	<u>3,595,310</u>
Provision for impairment of trading securities	-	-
	<u>1,210,953</u>	<u>3,595,310</u>

**Listing status of trading securities**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Debt securities</b>		
Government bonds		
- Listed	1,210,953	3,595,310
	<u>1,210,953</u>	<u>3,595,310</u>

**9. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS/LIABILITIES**

	<u>Net book value (at exchange rate as at the reporting date)</u>	
	<u>Assets</u>	<u>Liabilities</u>
	million VND	million VND
<b>As at 30/6/2015</b>		
<b>Currency derivative financial instruments</b>	-	366,275
Forward contracts	-	313,050
Swap contracts	-	53,225
<b>As at 31/12/2014</b>		
<b>Currency derivative financial instruments</b>	-	415,778
Forward contracts	-	428,012
Swap contracts	-	(12,234)

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Loans to local business entities and individuals	474,272,552	434,185,457
Discounting promissory notes and valuable papers	628,574	516,404
Payments made on behalf of customers	52,399	36,218
Loans by grants, investment trusts	904,278	1,081,585
Loans to foreign organisations and individuals	3,120,341	2,445,000
Frozen loans and loans pending for resolution	67,886	-
	<u>479,046,030</u>	<u>438,264,664</u>

**Analysis of loan balances by quality**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current loans	468,434,543	429,780,561
Special-mentioned loans	3,666,249	3,609,460
Sub-standard loans	1,226,431	348,172
Doubtful loans	1,826,465	2,468,319
Loss loans	3,892,342	2,058,152
	<u>479,046,030</u>	<u>438,264,664</u>

**Analysis of loan balances by term**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Short-term loans	278,444,783	263,544,166
Medium-term loans	47,346,043	38,718,772
Long-term loans	153,255,204	136,001,726
	<u>479,046,030</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 05a/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**

	<b>30/6/2015</b>	<b>31/12/2014</b>
	<b>million VND</b>	<b>million VND</b>
State-owned enterprises	36,932,985	33,517,018
State-owned one-member limited enterprises	66,502,415	69,799,644
Two or more member limited liability enterprises with more than 50% of the State's share holding	3,187,436	2,599,293
Other limited companies	84,883,781	76,680,521
Joint stock companies with more than 50% of the State's share-holding	37,185,099	33,700,359
Other joint stock companies	123,414,646	112,363,944
Partnership companies	68,785	39,479
Private companies	14,049,392	13,659,149
Foreign invested enterprises	22,187,779	19,386,197
Cooperatives, cooperative unions	1,784,673	1,783,291
Household businesses, individuals	87,550,342	73,760,504
Administrative units, the Party, unions and associations	1,289,602	975,265
Others	9,095	-
	<b>479,046,030</b>	<b>438,264,664</b>

**Analysis of loan balances by industry**

	<b>30/6/2015</b>	<b>31/12/2014</b>
	<b>million VND</b>	<b>million VND</b>
Agriculture, forestry and aquaculture	17,190,326	14,767,944
Mining and quarrying	23,488,904	24,005,966
Manufacturing and processing	145,651,339	145,223,632
Electricity, fuel gas and hot water	27,844,760	27,771,774
Water supplying, garbage and sewage treatment and management	1,191,642	1,012,271
Construction	44,678,788	37,708,541
Wholesale and retail trade, repair of motor vehicles, motor cycles	143,710,791	126,304,336
Transport, warehouse	6,178,027	7,081,524
Hospitality services	3,376,633	3,230,810
Information and communications	1,559,451	1,400,003
Financial, banking and insurance	108,245	-
Real estate	33,755,040	27,198,692
Profession, science and technology	61,864	73,075
Administrative activities and supporting service	466,997	434,193
Education and training	604,044	707,717
Health care and social work	1,966,740	1,984,579
Other service activities	9,150,173	7,599,217
Households	17,358,883	11,125,975
International organisations and bodies	455,132	584,712
Others	248,251	49,703
	<b>479,046,030</b>	<b>438,264,664</b>

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

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

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to 30 June 2015

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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 period from 01 January 2015 to 30 June 2015 are as follows:

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
As at 01/01/2015	3,148,857	1,160,914	4,309,771
Provision charged for the period	421,107	1,822,482	2,243,589
Provision utilised for the period	-	(1,557,284)	(1,557,284)
<b>As at 30/6/2015</b>	<b>3,569,964</b>	<b>1,426,112</b>	<b>4,996,076</b>

As at 30 June 2015, the Bank reclassified debt securities in accordance with Article 10 of Circular 02 and Circular 09 and policies on loan classification and credit loss provisioning of the Bank. Provision for credit losses was set up base on loan classification results as at 30 June 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 period from 01 January 2014 to 30 June 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 period	188,738	2,006,127	2,194,865
Provision utilised for the period	-	(70)	(70)
<b>As at 30/6/2014</b>	<b>2,804,650</b>	<b>2,661,002</b>	<b>5,465,652</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**12. INVESTMENT SECURITIES**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Available-for-sale investment securities</b>	<b>94,314,286</b>	<b>85,964,781</b>
<i>Debt securities</i>	<i>94,270,263</i>	<i>85,920,758</i>
- Government bonds (*)	41,811,382	41,995,428
- Debt securities issued by other local credit institutions	9,328,484	8,225,653
- Debt securities issued by local business entities	43,130,397	35,699,677
<i>Equity securities</i>	<i>44,023</i>	<i>44,023</i>
- Equity securities issued by local business entities	44,023	44,023
<b>Provisions for impairment of available-for-sale investment securities</b>	<b>(338,421)</b>	<b>(239,454)</b>
	<u>93,975,865</u>	<u>85,725,327</u>
<b>Held-to-maturity investment securities</b>	<b>9,413,991</b>	<b>6,708,858</b>
Government bonds	2,200,000	2,200,000
Debt securities issued by local business entities	7,213,991	4,508,858
<b>Provisions for impairment of held-to-maturity investment securities</b>	<b>(667,851)</b>	<b>(387,153)</b>
	<u>8,746,140</u>	<u>6,321,705</u>
<b>Total</b>	<b><u>102,722,005</u></b>	<b><u>92,047,032</u></b>

(\*) As at 30 June 2015, the Bank has pledged VND 174,183 million of Government bonds as security for loans obtained from other credit institutions (see Note 20) (31 December 2014: VND 1,126,088 million).

In the 6-month period ended 30 June 2015, the Bank does not perform reclassification of available-for-sale investment securities.

**Analysis on securities quality classified as credit risk assets**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current loans	43,217,145	35,286,425
Special-mentioned loans	-	-
Sub-standard loans	-	-
Doubtful loans	-	-
Loss loans	-	-
<b>Total</b>	<b><u>43,217,145</u></b>	<b><u>35,286,425</u></b>

As at 30 June 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 Article 10 of Circular 02 and Circular 09. Provision for losses on debt securities of unlisted BEs as at 30 June 2015 is made based on the results of loan classification as at 30 June 2015.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

13. PROVISION FOR IMPAIRMENT OF INVESTMENT SECURITIES

Movement in provision for impairment of investment securities for the period from 01 January 2015 to 30 June 2015 is as follows:

	Provision for available-for-sale investment securities		Provision for held-to-maturity investment securities		Total million VND
	Debt securities issued by unlisted business entities	Equity securities	Debt securities issued by unlisted business entities	Other debt securities	
	million VND	million VND	million VND	million VND	
As at 01/01/2015	223,464	15,990	387,153	-	626,607
Provision charged for the period	97,819	1,148	280,698	-	379,665
As at 30/6/2015	321,283	17,138	667,851	-	1,006,272

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

Movement in provision for impairment of debt securities of unlisted business entities for the period from 01 January 2015 to 30 June 2015 is as follows:

	General provision	Specific provision	Diminution provision	Total
	million VND	million VND	million VND	million VND
As at 01/01/2015	226,365	384,252	-	610,617
Provision charged for the period	97,819	280,698	-	378,517
As at 30/6/2015	324,184	664,950	-	989,134

Movement in provision for impairment of debt securities of unlisted business entities for the period from 01 January 2014 to 30 June 2014 is as follows:

	General provision	Specific provision	Diminution provision	Total
	million VND	million VND	million VND	million VND
As at 01/01/2014	104,623	-	-	104,623
Provision charged for the period	122,800	-	-	122,800
As at 30/6/2014	227,423	-	-	227,423

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Investments in subsidiaries (Note 14.1)	3,317,232	3,317,232
Investments in joint ventures (Note 14.2)	2,088,788	2,088,788
Other long-term investments	440,136	440,136
Provisions for impairment of long-term investments	(49,000)	(74,271)
	<u>5,797,156</u>	<u>5,771,885</u>

**14.1 Investment in subsidiaries**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Vietinbank Leasing Company Ltd.	800,000	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
	<u>3,317,232</u>	<u>3,317,232</u>

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**FORM B 05a/TCTD**

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

**14.2 List of associates, joint ventures**

	Place of incorporation (or registration) and operation	Proportion of ownership		Investment value as at		Principal activities
		interest %	voting power %	30/6/2015 million VND	31/12/2014 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
				<b>2,088,788</b>	<b>2,088,788</b>	

- 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 remains unchanged. As at 30 June 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 invest in some sector 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 05a/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 period from 01 January 2015 to 30 June 2015 is as follows:

	<u>Building, structures</u>	<u>Machinery, equipment</u>	<u>Motor vehicles</u>	<u>Others</u>	<u>Total</u>
	million VND	million VND	million VND	million VND	million VND
<b>Cost</b>					
As at 01/01/2015	4,151,501	4,044,601	848,388	187,067	9,231,557
Acquisitions during the period	2,183	3,846	11,579	805	18,413
Transfer from construction in progress	14,630	170	2,441	692	17,933
Other additions	90	14,112	277	100	14,579
Reclassification	4,492	43,781	3,706	(47,486)	4,493
Disposals	(863)	(4,642)	(1,757)	(739)	(8,001)
Other decreases	(48,514)	(969)	(237)	(335)	(50,055)
<b>As at 30/6/2015</b>	<b>4,123,519</b>	<b>4,100,899</b>	<b>864,397</b>	<b>140,104</b>	<b>9,228,919</b>
<b>Accumulated depreciation</b>					
As at 01/01/2015	960,915	2,968,745	562,956	115,163	4,607,779
Depreciation charged for the period	104,707	212,275	49,126	11,248	377,356
Other additions	173	575	59	46	853
Reclassification	-	25,458	1,584	(27,042)	-
Disposals	(756)	(4,642)	(1,602)	(739)	(7,739)
Other decreases	(7,239)	(888)	(118)	(426)	(8,671)
<b>As at 30/6/2015</b>	<b>1,057,800</b>	<b>3,201,523</b>	<b>612,005</b>	<b>98,250</b>	<b>4,969,578</b>
<b>Net book value</b>					
<b>As at 30/6/2015</b>	<b>3,065,719</b>	<b>899,376</b>	<b>252,392</b>	<b>41,854</b>	<b>4,259,341</b>
<b>As at 31/12/2014</b>	<b>3,190,586</b>	<b>1,075,856</b>	<b>285,432</b>	<b>71,904</b>	<b>4,623,778</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**15. TANGIBLE FIXED ASSETS (Continued)**

Movement of tangible fixed assets for the period from 01 January 2014 to 30 June 2014 is as follows:

	<b>Building, structures</b>	<b>Machinery, equipment</b>	<b>Motor vehicles</b>	<b>Others</b>	<b>Total</b>
	<b>million VND</b>	<b>million VND</b>	<b>million VND</b>	<b>million VND</b>	<b>million VND</b>
<b>Cost</b>					
As at 01/01/2014	2,995,472	3,340,052	793,389	140,253	7,269,166
Acquisitions during the period	46,293	453,387	20,060	5,676	525,416
Transfer from construction in progress	47,946	3,910	-	146	52,002
Other additions	2,589	2,852	259	555	6,255
Disposals	(9,658)	(2,504)	(6,993)	(104)	(19,259)
Other decreases	(586)	(3,329)	(250)	-	(4,165)
<b>As at 30/6/2014</b>	<b>3,082,056</b>	<b>3,794,368</b>	<b>806,465</b>	<b>146,526</b>	<b>7,829,415</b>
<b>Accumulated depreciation</b>					
As at 01/01/2014	761,495	2,496,224	475,594	92,634	3,825,947
Depreciation charged for the period	99,302	246,096	51,900	10,267	407,565
Other additions	755	465	2	61	1,283
Disposals	(262)	(2,504)	(6,993)	(104)	(9,863)
Other decreases	(509)	(849)	(68)	(32)	(1,458)
<b>As at 30/6/2014</b>	<b>860,781</b>	<b>2,739,432</b>	<b>520,435</b>	<b>102,826</b>	<b>4,223,474</b>
<b>Net book value</b>					
<b>As at 30/6/2014</b>	<b>2,221,275</b>	<b>1,054,936</b>	<b>286,030</b>	<b>43,700</b>	<b>3,605,941</b>
<b>As at 31/12/2013</b>	<b>2,233,977</b>	<b>843,828</b>	<b>317,795</b>	<b>47,619</b>	<b>3,443,219</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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 period from 01 January 2015 to 30 June 2015 is as follows:

	<b>Land use rights</b>	<b>Other Intangible</b>	<b>Total</b>
	<b>million VND</b>	<b>assets</b>	<b>million VND</b>
	<b>million VND</b>	<b>million VND</b>	<b>million VND</b>
<b>Cost</b>			
As at 01/01/2015	3,920,364	848,751	4,769,115
Acquisitions during the period	40,933	284	41,217
Other additions	3,121	2,569	5,690
Disposals	28,775	(33,268)	(4,493)
Other decreases	-	(438)	(438)
<b>As at 30/6/2015</b>	<b>3,993,193</b>	<b>817,898</b>	<b>4,811,091</b>
<b>Accumulated amortisation</b>			
As at 01/01/2015	144,215	481,598	625,813
Amortisation charged for the period	21,001	56,036	77,037
Other decreases	-	(254)	(254)
<b>As at 30/6/2015</b>	<b>165,216</b>	<b>537,380</b>	<b>702,596</b>
<b>Net book value</b>			
<b>As at 30/6/2015</b>	<b>3,827,977</b>	<b>280,518</b>	<b>4,108,495</b>
<b>As at 31/12/2014</b>	<b>3,776,149</b>	<b>367,153</b>	<b>4,143,302</b>

Movement of intangible assets for the period from 01 January 2014 to 30 June 2014 is as follows:

	<b>Land use rights</b>	<b>Other Intangible</b>	<b>Total</b>
	<b>million VND</b>	<b>assets</b>	<b>million VND</b>
	<b>million VND</b>	<b>million VND</b>	<b>million VND</b>
<b>Cost</b>			
As at 01/01/2014	3,443,404	619,513	4,062,917
Acquisitions during the period	305,189	56,133	361,322
Other additions	147	16	163
Disposals	(250,227)	-	(250,227)
Other decreases	(561)	-	(561)
<b>As at 30/6/2014</b>	<b>3,497,952</b>	<b>675,662</b>	<b>4,173,614</b>
<b>Accumulated amortisation</b>			
As at 01/01/2014	98,954	351,656	450,610
Amortisation charged for the period	19,187	45,108	64,295
Other additions	60	6	66
Other decreases	(65)	-	(65)
<b>As at 30/6/2014</b>	<b>118,136</b>	<b>396,770</b>	<b>514,906</b>
<b>Net book value</b>			
<b>As at 30/6/2014</b>	<b>3,379,816</b>	<b>278,892</b>	<b>3,658,708</b>
<b>As at 31/12/2013</b>	<b>3,344,450</b>	<b>267,857</b>	<b>3,612,307</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**17. OTHER RECEIVABLES**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Construction in progress	4,490,113	3,989,286
Purchases and major repair of fixed assets	2,663,428	2,523,241
External receivables	2,980,912	2,897,248
Internal receivables	633,722	431,639
	<u>10,768,175</u>	<u>9,841,414</u>

**Construction in progress**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Constructions in the Northern area	3,755,558	3,376,332
Constructions in the Central area	411,087	351,725
Constructions in the Southern area	323,468	261,229
	<u>4,490,113</u>	<u>3,989,286</u>

As at 30 June 2015, the Bank does not hold other assets classified as credit risk bearing assets.

**18. OTHER ASSETS**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Materials and tools	109,643	122,065
Prepaid expenses (*)	3,150,537	3,143,858
Other assets	123,936	123,935
	<u>3,384,116</u>	<u>3,389,858</u>

(\*) Prepaid expenses mainly include those of the head offices and other office rental of the Bank, the credit facilities arrangement fee and the net book value 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**19. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Borrowings from the SBV</b>	<b>1,924,933</b>	<b>4,731,118</b>
Loans under credit contracts	1,902,173	1,204,134
Discounting and rediscounting valuable papers	-	3,499,384
Borrowings for grants to State-owned enterprises	12,472	12,472
Other borrowings	10,288	15,128
<b>Current accounts held by the State Treasury</b>	<b>140</b>	<b>285</b>
- In VND	135	281
- In foreign currency	5	4
	<u><b>1,925,073</b></u>	<u><b>4,731,403</b></u>

**20. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS**

**Placement of other credit institutions**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Demand deposits</b>	<b>1,948,227</b>	<b>1,528,122</b>
- In VND	848,847	840,496
- In foreign currencies	1,099,380	687,626
<b>Term deposits</b>	<b>45,675,204</b>	<b>40,512,284</b>
- In VND	35,251,577	31,793,234
- In foreign currencies	10,423,627	8,719,050
	<u><b>47,623,431</b></u>	<u><b>42,040,406</b></u>

**Borrowings from other credit institutions**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
- In VND	3,695,390	13,745,375
<i>In which: Discounting, rediscounting borrowings (*)</i>	<i>195,390</i>	<i>1,282,375</i>
- In foreign currencies	52,494,694	47,984,254
	<u><b>56,190,084</b></u>	<u><b>61,729,629</b></u>

(\*) The borrowings are guaranteed by Government bonds (See Note 12).

During the period from 01 January 2015 to 30 June 2015, the Bank does not involve in any loss or contract violation loan.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Demand deposits</b>	<b>63,022,914</b>	<b>62,222,946</b>
- Demand deposits in VND	52,840,228	52,471,680
- Demand deposits in foreign currencies	10,182,686	9,751,266
<b>Term deposits</b>	<b>371,291,348</b>	<b>347,193,103</b>
- Term deposits in VND	343,714,592	321,592,670
- Term deposits in foreign currencies	27,576,756	25,600,433
<b>Deposits for specific purpose</b>	<b>2,536,649</b>	<b>2,205,291</b>
- Deposits for specific purpose in VND	1,176,785	892,188
- Deposits for specific purpose in foreign currencies	1,359,864	1,313,103
<b>Margin deposits</b>	<b>12,394,806</b>	<b>12,619,722</b>
- Margin deposits in VND	10,582,478	10,651,815
- Margin deposits in foreign currencies	1,812,328	1,967,907
	<u><b>449,245,717</b></u>	<u><b>424,241,062</b></u>

**Analysis of deposits from customers by type of business**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
State-owned enterprises	45,294,399	46,235,729
State-owned one-member limited enterprises	40,845,152	39,796,384
Two or more member limited liability enterprises with more than 50% of the State's share holding	796,564	761,947
Other limited companies	11,450,590	11,177,602
Joint stock companies with more than 50% of the State's share-holding	22,404,165	23,682,922
Other joint stock companies	18,291,436	18,182,714
Partnership companies	78,869	35,901
Private companies	957,035	947,330
Foreign invested enterprises	22,907,831	20,247,735
Cooperatives, cooperative unions	346,722	320,069
Household businesses, individuals	259,350,537	236,752,096
Administrative units, the Party, unions and associations	17,365,661	15,589,556
Others	9,156,756	10,511,077
	<u><b>449,245,717</b></u>	<u><b>424,241,062</b></u>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Funds received from other organisations and individuals in VND	32,915,174	24,259,273
Funds received from other organisations and individuals in foreign currencies	4,213,821	4,135,043
Funds received from international organisations in VND	654,280	733,044
Funds received from international organisations in foreign currencies	3,641,253	3,602,230
	<u>41,424,528</u>	<u>32,729,590</u>

**23. VALUABLE PAPERS**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Valuable papers in VND</b>	<b>4,504,320</b>	<b>4,430</b>
Par value	4,504,320	4,430
<b>Valuable papers in foreign currencies</b>	<b>5,400,207</b>	<b>5,289,643</b>
Par value	5,420,756	5,315,102
Discount	(20,549)	(25,459)
	<u>9,904,527</u>	<u>5,294,073</u>

**Details of valuable papers by term:**

	<u>Bill</u>	<u>Bearer Bonds</u>	<u>Certificate of deposit</u>	<u>Total</u>
	million VND	million VND	million VND	million VND
<b>As at 30/6/2015</b>				
<i>Term under 12 months</i>				
Par value	624	-	959	1,583
<i>Term from 12 months to under 5 years</i>				
Par value	-	5,418,420	5,073	5,423,493
Discount	-	(20,549)	-	(20,549)
<i>Term over 5 years</i>				
Par value	-	4,500,000	-	4,500,000
	<u>624</u>	<u>9,897,871</u>	<u>6,032</u>	<u>9,904,527</u>
<b>As at 31/12/2014</b>				
<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>7,217</u>	<u>5,294,073</u>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**24. OTHER PAYABLES**

	<u>30/6/2015</u>	<u>31/12/2014 (*)</u>
	million VND	million VND
Internal payables	1,140,400	1,578,696
External payables	17,564,348	26,506,833
Bonus and welfare funds	551,452	1,114,953
	<u>19,256,200</u>	<u>29,200,482</u>

(\*) Some items have been reclassified for comparison purpose.

**Details of external payables**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Payments/receipts on behalf of other organisations	8,855,374	24,682,552
Amount due to customers and deferred payment	157,167	315,624
Corporate income tax payables	507,364	132,791
Other pending payments	2,644,866	598,326
Dividends for the year 2014	3,723,406	-
Fund transfer	967,310	-
Other tax payables	58,796	224,620
Payables for insurance of deposits	85,000	82,539
Payables to the SBV from recovery of written-off bad debts	77,677	75,614
Payables relating to trade finance activities	7,863	10,085
Other payables to other organisations	66,722	12,692
Money transfer payables	107,834	137,512
Payables to building constructors	92,164	107,063
Other payables	212,805	127,415
	<u>17,564,348</u>	<u>26,506,833</u>

**25. THE BANK'S OBLIGATIONS TO THE STATE BUDGET**

	<b>Movement for the period from</b>			<b>Closing balance</b>
	<b>01/01/2015 to 30/6/2015</b>			
<b>Opening balance</b>	<b>Payables</b>	<b>Paid</b>		
million VND	million VND	million VND	million VND	
Value added tax	162,240	74,421	220,832	15,829
Corporate income tax	132,791	889,324	514,751	507,364
Other taxes	62,354	246,119	267,289	41,184
	<u>357,385</u>	<u>1,209,864</u>	<u>1,002,872</u>	<u>564,377</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 period from 01 January 2015 to 30 June 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/TCTD**

**26. CAPITAL AND RESERVES**

The movement of major items in owners' equity:

	Charter capital million VND	Share premium million VND	Financial reserve		Capital		Total million VND
			fund million VND	supplementary reserve million VND	Retained earnings million VND	Capital reserve million VND	
As at 01/01/2015	37,234,046	8,969,827	2,798,316	1,302,335	3,855,293	54,159,817	
Profit for the period	-	-	-	-	2,870,005	2,870,005	
Other increases	-	-	655	-	-	655	
Other adjustments	-	-	-	-	9,296	9,296	
Dividend for year 2014	-	-	-	-	(3,723,406)	(3,723,406)	
Other decreases	-	-	(348)	-	-	(348)	
<b>As at 30/6/2015</b>	<b>37,234,046</b>	<b>8,969,827</b>	<b>2,798,623</b>	<b>1,302,335</b>	<b>3,011,188</b>	<b>53,316,019</b>	

As at 30 June 2015, the Bank made temporary appropriation to reserves and profit distribution based on the operating result in 2014.

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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/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:

	30/6/2015		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
	<b>3,723,404,556</b>	<b>46,203,873</b>	<b>3,723,404,556</b>	<b>46,203,873</b>

Details of the Bank's shares are as follows:

	30/6/2015	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 shares (VND)	10,000	10,000

**27. INTEREST AND SIMILAR INCOME**

	From 01/01/2015 to 30/6/2015 million VND	From 01/01/2014 to 30/6/2014 (*) million VND
Interest from deposits	776,649	1,018,164
Interest from loans to customers	15,369,014	15,118,086
Interest from debt securities	4,036,046	4,307,652
Income from guarantee services	325,501	151,902
Other income from credit activities	74,069	1,363
	<b>20,581,279</b>	<b>20,597,167</b>

(\*) Some items are reclassified for comparison purpose.

**28. NET GAIN FROM SERVICES**

	From 01/01/2015 to 30/6/2015 million VND	From 01/01/2014 to 30/6/2014 million VND
Interest expense on deposits	9,706,350	10,332,035
Interest expense on borrowings	1,136,472	1,233,824
Interest expense on valuable papers issued	236,876	335,813
Expenses on other credit activities	57,946	720
	<b>11,137,644</b>	<b>11,902,392</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**29. NET GAIN FROM SERVICES**

	<b>From 01/01/2015 to 30/6/2015</b>	<b>From 01/01/2014 to 30/6/2014 (*)</b>
	<b>million VND</b>	<b>million VND</b>
<b>Income from services</b>	<b>923,279</b>	<b>858,151</b>
- Income from remittance services	602,915	560,819
- Income from trust and agency services	15,599	11,335
- Others	304,765	285,997
<b>Expense on services</b>	<b>357,946</b>	<b>309,522</b>
- Expense on remittance services	46,566	44,041
- Expense on trust and agency services	6,352	892
- Expense on treasury services	72,952	71,367
- Others	232,076	193,222
<b>Net gain from services</b>	<b>565,333</b>	<b>548,629</b>

(\*) Some items are reclassified for comparison purpose.

**30. NET GAIN FROM TRADING FOREIGN CURRENCIES**

	<b>From 01/01/2015 to 30/6/2015</b>	<b>From 01/01/2014 to 30/6/2014</b>
	<b>million VND</b>	<b>million VND</b>
<b>Income from trading foreign currencies</b>	<b>1,414,449</b>	<b>582,009</b>
- Income from trading foreign currencies	1,024,390	362,716
- Income from trading gold	153	730
- Income from trading derivative financial instruments	389,906	218,563
<b>Expenses for trading foreign currencies</b>	<b>1,352,582</b>	<b>389,961</b>
- Expenses from trading foreign currencies	349,944	76,037
- Expense from trading gold	423	49
- Expenses from trading derivative financial instruments	1,002,215	313,875
<b>Net gain from trading foreign currencies</b>	<b>61,867</b>	<b>192,048</b>

**31. NET GAIN FROM TRADING SECURITIES HELD FOR TRADING**

	<b>From 01/01/2015 to 30/6/2015</b>	<b>From 01/01/2014 to 30/6/2014</b>
	<b>million VND</b>	<b>million VND</b>
Income from trading securities	111,812	58,888
<b>Net gain from trading securities</b>	<b>111,812</b>	<b>58,888</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

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

	<u>From 01/01/2015 to 30/6/2015</u> million VND	<u>From 01/01/2014 to 30/6/2014</u> million VND
Expense for trading investment securities	(4,854)	-
Provision (charged) for impairment of investment securities	(98,966)	(116,711)
<b>Net (loss) from trading investment securities</b>	<b>(103,820)</b>	<b>(116,711)</b>

**33. NET PROFIT FROM OTHER ACTIVITIES**

	<u>From 01/01/2015 to 30/6/2015</u> million VND	<u>From 01/01/2014 to 30/6/2014</u> million VND
<b>Other operating expenses</b>	<b>1,325,934</b>	<b>973,689</b>
Income from recovery of bad debts	686,080	585,409
Income from disposals of assets	9,049	261,427
Income from other derivatives	515,456	86,545
Other income	115,349	40,308
<b>Expenses on other activities</b>	<b>795,110</b>	<b>867,302</b>
Expense from other derivatives	527,762	94,609
Expense from disposals of assets	259	259,630
Other expenses	267,089	513,063
<b>Net gain from other activities</b>	<b>530,824</b>	<b>106,387</b>

**34. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS**

	<u>From 01/01/2015 to 30/6/2015</u> million VND	<u>From 01/01/2014 to 30/6/2014 (*)</u> million VND
Dividends income from capital contributions and shares purchases for the period	10,203	164,000
- <i>From investment equity securities</i>	-	600
- <i>From long-term investments</i>	10,203	163,400
	<b>10,203</b>	<b>164,000</b>

(\*) Some items are reclassified for comparison purpose.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

35. OPERATING EXPENSES

	From 01/01/2015 to 30/6/2015 million VND	From 01/01/2014 to 30/6/2014 million VND
<b>Taxes, fees and charges</b>	<b>31,755</b>	<b>18,408</b>
<b>Staff cost</b>		
- Salaries and allowances	2,115,432	1,814,560
- Salary-based expenses	126,113	120,775
- Other benefits	10,801	27,829
- Other expenses	103,363	82,626
<b>Expenses for fixed assets</b>		
- Depreciation and amortisation expenses	454,393	471,860
- Others	439,062	443,691
<b>Expenses for operating management</b>		
- Per diem	53,091	58,574
- Expenses for union activities	8,750	4,617
- Others	928,237	959,856
<b>Insurance premium for customers' deposits</b>	<b>170,625</b>	<b>148,515</b>
<b>Other provision reversal</b>	<b>(25,271)</b>	<b>(5,657)</b>
	<b>4,416,351</b>	<b>4,145,654</b>

36. CORPORATE INCOME TAX EXPENSES

	From 01/01/2015 to 30/6/2015 million VND	From 01/01/2014 to 30/6/2014 million VND
<b>Profit before corporate income tax</b>	<b>3,679,217</b>	<b>3,819,481</b>
<i>Adjustments for:</i>		
- Non-taxable dividend income and profits received	(10,203)	(164,000)
- Others	(7,504)	46,208
<b>Taxable profit</b>	<b>3,661,510</b>	<b>3,701,689</b>
Corporate income tax rate	22%	22%
<b>Current corporate income tax expenses based on the domestic income</b>	<b>805,532</b>	<b>814,371</b>
Current corporate income tax expenses based on the overseas income	3,680	5,400
<b>Total corporate income tax expenses</b>	<b>809,212</b>	<b>819,771</b>

The Bank has temporarily calculated the corporate income tax expenses according to the current regulations. Finalised corporate income tax expense will be determined at the end of the financial year.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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*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 includes the following balance sheet items:

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Cash, gold and gemstones (*)	4,150,070	4,598,290
Balances with the State Bank of Vietnam (*)	13,644,568	9,876,030
Current deposits at other credit institutions (*)	12,575,346	12,906,412
Deposits at other credit institutions with terms of not exceeding 3 months	32,554,739	53,628,070
Securities with term of not exceeding 3 months from the date of purchase	13,609,239	6,000,000
	<u>76,533,962</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.

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

**Valuable papers and assets as collaterals, mortgages and discounting**

	<b>Carrying value at balance sheet date</b>	
	(million VND)	
	<u>30/6/2015</u>	<u>31/12/2014</u>
Real estate	522,045,585	479,034,313
Movable assets	32,862,025	29,513,639
Valuable papers	94,902,055	64,205,314
Other assets	284,762,608	266,837,457
	<u>934,572,273</u>	<u>839,590,723</u>

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

As at 30 June 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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

**39. 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 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, 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.

**Details of contingent liabilities and commitments as at 30 June 2015:**

	<u>30/6/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Contingent liabilities</b>	<b>64,585,117</b>	<b>54,122,956</b>
Financial guarantees	7,069,566	2,496,147
Letters of Credit	34,973,232	29,742,703
Other guarantees	22,542,319	21,884,106
<b>Commitments</b>	<b>101,442,184</b>	<b>88,754,518</b>
Commitments in currency swap contracts	82,054,085	62,361,790
Other commitments	19,388,099	26,392,728

As at 30 June 2015, the Bank classified contingent liabilities based on quality of loans under Article 10 of Circular 02 and Circular 09.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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

**40. RELATED PARTY TRANSACTIONS AND BALANCES**

Significant transactions with related parties for the period from 01 January 2015 to 30 June 2015 are as follows:

Related party	Relationship	Transactions	From 01/01/2015 to 30/6/2015 million VND
The State Bank of Vietnam	Direct owner	Increase in deposits	3,768,538
The State Bank of Vietnam	Direct owner	Decrease in borrowings	(2,806,185)
Indovina Bank Ltd.	Joint venture	Increase in placements with Indovina	2,000,000
Indovina Bank Ltd.	Joint venture	Increase in deposits from Indovina	1,492,771
Vietinbank Aviva Life Insurance Company Ltd.	Joint venture	Decrease in deposits from Aviva	(5,569)

Significant balances with related parties as at 30 June 2015 are as follows:

Related party	Relationship	Transactions	Receivables million VND	Payables million VND
The State Bank of Vietnam	Direct owner	Demand deposits and compulsory reserves	13,644,568	-
The State Bank of Vietnam	Direct owner	Borrowings	-	1,924,933
Vietinbank Leasing Company Ltd.	Subsidiary	Deposits and loans	402,350	5,637
Vietinbank Securities Joint Stock Company	Subsidiary	Deposits	-	365,565
Vietinbank Debt Management and Asset Exploitation Company Ltd.	Subsidiary	Deposits	-	46,445
Vietinbank Insurance Company Ltd.	Subsidiary	Deposits and margin	-	84,586
Vietinbank Fund Management Company Ltd.	Subsidiary	Deposits	-	33,999
Vietinbank Gold and Jewellery Trading Company Ltd.	Subsidiary	Deposits and loans	45,000	250,738
Vietinbank Global Money Transfer Company Ltd.	Subsidiary	Deposits	-	65,973
Indovina Bank Ltd.	Joint venture	Deposits and loans	2,000,000	4,867,432
Vietinbank Aviva Life Insurance Company Ltd.	Joint venture	Deposits	-	115,353

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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

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

As at 30 June 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	478,984,380	56,965,779	495,326,744	64,427,527	(366,275)	104,939,230
Overseas	2,665,209	2,115,728	1,542,544	157,590	-	-
	<b>481,649,589</b>	<b>59,081,507</b>	<b>496,869,288</b>	<b>64,585,117</b>	<b>(366,275)</b>	<b>104,939,230</b>

**42. 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 of 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 includes 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 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)**

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

**42. 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 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)**

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

**42. 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 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)

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

42. 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.

During the first 6 months of 2015, the Bank has implemented 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 6 months of 2015, the Bank continued to enhance the investment in highly liquid assets such as Government bonds and Government Treasury bills.

To manage risk related to financial instruments, the Bank has issued 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.

**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, reduce operational errors, processing time and improve the quality of information.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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

**42. FINANCIAL INSTRUMENTS (Continued)**

**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 continually 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 the most modern one, 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 43, 44, 45 and 46.

**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:

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**42. FINANCIAL INSTRUMENTS (Continued)**

	Carrying value (Excluding provision)		Fair value	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	million VND	million VND	million VND	million VND
<b>Financial assets</b>				
Cash on hand, gold and gemstones	4,150,070	4,598,290	4,150,070	4,598,290
Balances with the State Bank of Vietnam	13,644,568	9,876,030	13,644,568	9,876,030
Placements with and loans to other credit institutions	48,040,498	75,770,178	(*)	(*)
Trading securities - Debt securities	1,210,953	3,595,310	(*)	(*)
Loans to customers	479,046,030	438,264,664	(*)	(*)
Investment securities - Equity securities with market price reference	44,023	44,023	26,885	25,132
Investment securities - Debt securities	103,684,254	92,629,616	(*)	(*)
Other long-term investments	440,136	440,136	(*)	(*)
Other receivables	1,461,288	1,527,969	(*)	(*)
Interest and fee receivables	12,205,463	12,619,762	(*)	(*)
Other assets	123,935	123,935	(*)	(*)
	<b>664,051,218</b>	<b>639,489,913</b>		
<b>Financial liabilities</b>				
Borrowings from the Government and the SBV	1,925,073	4,731,403	(*)	(*)
Deposits and borrowings from other credit institutions	103,813,515	103,770,035	(*)	(*)
Deposits from customers	449,245,717	424,241,062	(*)	(*)
Derivatives and other financial liabilities	366,275	415,778	(*)	(*)
Grants, trusted funds and borrowings at risk of the credit institution	41,424,528	32,729,590	(*)	(*)
Valuable papers issued	9,904,527	5,294,073	(*)	(*)
Accrued fee and interest expenses	5,088,940	5,689,492	(*)	(*)
Other payables and liabilities	16,844,731	26,027,519	(*)	(*)
	<b>628,613,306</b>	<b>602,898,952</b>		

(\*) The Bank has not assessed fair value of financial assets and financial liabilities as at 30 June 2015 because Vietnamese Accounting Standards as well as prevailing regulations have not had specific guidance on the fair value determination of such items.

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**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*

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**42. FINANCIAL INSTRUMENTS (Continued)**

**Classification of financial assets as at 30 June 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	4,150,070	-	-	4,150,070
Balances with the State Bank of Vietnam	13,644,568	-	-	13,644,568
Placements with and loans to other credit institutions	-	-	48,040,498	48,040,498
Trading securities	1,210,953	-	-	1,210,953
Loans to customers	-	-	479,046,030	479,046,030
Investment securities	-	9,413,991	-	9,413,991
Long-term investments	-	-	-	94,314,286
Other receivables	-	-	1,461,288	1,461,288
Interest and fee receivables	-	-	12,205,463	12,205,463
Other assets	-	-	123,935	123,935
	<b>19,005,591</b>	<b>9,413,991</b>	<b>540,877,214</b>	<b>664,051,218</b>
			<b>94,754,422</b>	<b>664,051,218</b>

**Classification of financial liabilities as at 30 June 2015**

Except for derivatives financial instruments and other financial assets which are classified as held-for-trading, all financial liabilities of the Bank as at 30 June 2015 are classified as financial liabilities measured at amortised cost.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**43. 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 period which had significant effects on the Bank's operations:*

In the early of 2015, USD/VND exchange rate was adjusted by +1%, however there was minor movement of foreign exchange supply-demand factors. This has been the cause of the stability of exchange rate during the first 4 months. In the first 6 months of 2015, the rate rose due to the impact of international rise in USD pricing when European Central Bank ("ECB") deployed the quantitative easing package and expectation of the Federal Reserve System ("FED") rising interest rates in the third quarter of 2015.

*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.

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**FORM B 05/TC/DT**

**43. CURRENCY RISK (Continued)**

Carrying amounts of assets and liabilities by currencies as at 30 June 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	equivalent	million VND	
<b>Assets</b>									
Cash, gold and gemstones	91,990	464,734	3,539,843	53,503	4,150,070				
Balances with the State Bank of Vietnam	-	2,667,180	10,977,388	-	13,644,568				
Placements with and loans to other credit institutions (*)	1,831,715	9,211,744	35,962,991	1,034,048	48,040,498				
Trading securities (*)	-	-	1,210,953	-	1,210,953				
Loans to customers (*)	1,752,174	91,324,297	385,514,970	454,589	479,046,030				
Investment securities (*)	-	-	103,728,277	-	103,728,277				
Long-term investments (*)	-	1,688,788	4,157,368	-	5,846,156				
Fixed assets	73,249	-	8,077,491	217,096	8,367,836				
Other assets	867,315	2,120,620	23,369,819	-	26,357,754				
<b>Total assets</b>	<b>4,616,443</b>	<b>107,477,363</b>	<b>576,539,100</b>	<b>1,759,236</b>	<b>690,392,142</b>				
<b>Liabilities and owners' equity</b>									
Borrowings from the Government and the SBV	-	10,288	1,914,785	-	1,925,073				
Deposits and borrowings from other credit institutions	491,848	62,865,702	39,795,814	660,151	103,813,515				
Deposits from customers	11,185,207	29,591,339	408,314,083	155,088	449,245,717				
Derivative financial instruments and other financial liabilities	-	366,275	-	-	366,275				
Grants, trusted funds and borrowings at risk of the credit institution	208,744	7,643,828	33,569,454	2,502	41,424,528				
Valuable papers issued	-	5,400,207	4,504,320	-	9,904,527				
Other liabilities	1,363,023	3,183,945	19,267,157	531,015	24,345,140				
Capital and reserves	-	-	53,316,019	-	53,316,019				
<b>Total liabilities and owners' equity</b>	<b>13,248,822</b>	<b>109,061,584</b>	<b>560,681,632</b>	<b>1,348,756</b>	<b>684,340,794</b>				
<b>Balance sheet currency position</b>	<b>(8,632,379)</b>	<b>(1,584,221)</b>	<b>15,857,468</b>	<b>410,480</b>	<b>6,051,348</b>				
<b>Off-balance sheet currency position</b>	<b>-</b>	<b>-</b>	<b>7,069,566</b>	<b>-</b>	<b>7,069,566</b>				
<b>Total currency position</b>	<b>(8,632,379)</b>	<b>(1,584,221)</b>	<b>22,927,034</b>	<b>410,480</b>	<b>13,120,914</b>				

(\*) Excluding risk provision.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**44. 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 institutions are 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.

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**FORM B 05a/TCTD**

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

**44. 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 capital structure focuses on the funds with short interest rate re-pricing term, the Bank requires that all loans must be at the floating interest rate, adjusted every one to three months.

*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 months, 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.

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**FORM B 05a/TCID**

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

**44. INTEREST RATE RISK (Continued)**

	Non -		Overdue				Current				Total
	interest bearing million VND	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	
<b>Assets</b>											
Cash, gold and gemstones	4,150,070	-	-	-	-	-	-	-	-	-	4,150,070
Balances with the State Bank of Vietnam	-	-	-	13,644,568	-	-	-	-	-	-	13,644,568
Placements with and loans to other credit institutions (*)	-	-	-	32,331,255	11,145,396	3,362,835	1,201,012	-	-	-	48,040,498
Trading securities (*)	-	-	-	1,210,953	-	-	-	-	-	-	1,210,953
Loans to customers (*)	-	6,945,238	3,666,249	325,468,320	96,497,516	42,159,110	2,201,642	2,107,955	-	-	479,046,030
Investment securities (*)	44,023	-	-	22,301,580	4,149,130	10,372,828	2,074,566	64,311,532	474,618	-	103,728,277
Long-term investments (*)	5,846,156	-	-	-	-	-	-	-	-	-	5,846,156
Fixed assets	8,367,836	-	-	-	-	-	-	-	-	-	8,367,836
Other assets	26,357,754	-	-	-	-	-	-	-	-	-	26,357,754
<b>Total assets</b>	<b>44,765,839</b>	<b>6,945,238</b>	<b>3,666,249</b>	<b>394,956,676</b>	<b>111,792,042</b>	<b>55,894,773</b>	<b>5,477,220</b>	<b>66,419,487</b>	<b>474,618</b>	<b>690,392,142</b>	
<b>Liabilities</b>											
Borrowings from the Government and the SBV	-	-	-	140	-	-	-	-	1,924,933	-	1,925,073
Deposits and borrowings from other credit institutions	-	-	-	57,097,434	27,510,581	12,976,689	6,228,811	-	-	-	103,813,515
Deposits from customers	-	-	-	112,311,429	121,296,344	51,214,012	119,499,361	44,924,571	-	-	449,245,717
Derivative financial instruments and other financial liabilities	366,275	-	-	-	-	-	-	-	-	-	366,275
Grants, trusted funds and borrowings at risk of the credit institution	-	-	-	6,627,924	14,912,830	7,042,170	9,113,396	3,728,208	-	-	41,424,528
Valuable papers issued	-	-	-	-	4,320	-	-	-	9,900,207	-	9,904,527
Other liabilities	24,345,140	-	-	-	-	-	-	-	-	-	24,345,140
<b>Total liabilities</b>	<b>24,711,415</b>	<b>-</b>	<b>-</b>	<b>176,036,927</b>	<b>163,724,075</b>	<b>71,232,871</b>	<b>134,841,568</b>	<b>58,552,986</b>	<b>1,924,933</b>	<b>631,024,775</b>	
<b>Balance sheet net interest gap</b>	<b>20,054,424</b>	<b>6,945,238</b>	<b>3,666,249</b>	<b>218,919,749</b>	<b>(51,932,033)</b>	<b>(15,338,098)</b>	<b>(129,364,348)</b>	<b>7,866,501</b>	<b>(1,450,315)</b>	<b>59,367,367</b>	

(\*) Excluding risk provision.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**45. 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 30 June 2015 is presented below:

	<b>Overdue</b>			
	<b>Within 90 days</b>	<b>91-180 days</b>	<b>181-360 days</b>	<b>Over 360 days</b>
	<b>million VND</b>	<b>million VND</b>	<b>million VND</b>	<b>million VND</b>
Loans to customers	644,939	65,486	85,879	2,375,877

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 38).

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**46. 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 05a/TCTD**

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

**46. 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 30 June 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.

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**46. 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	
<b>Assets</b>								
Cash, gold and gemstones	-	-	4,150,070	-	-	-	-	4,150,070
Balances with the SBV	-	-	13,644,568	-	-	-	-	13,644,568
Placements with and loans to other credit institutions (*)	-	-	32,187,133	11,049,315	4,804,050	-	-	48,040,498
Trading securities (*)	-	-	1,210,953	-	-	-	-	1,210,953
Loans to customers (*)	6,945,238	3,666,249	44,501,282	140,530,362	189,715,990	72,607,354	21,079,555	479,046,030
Investment securities (*)	-	-	21,782,938	1,037,283	14,003,317	65,348,815	1,555,924	103,728,277
Long-term investments (*)	-	-	-	-	-	-	5,846,156	5,846,156
Fixed assets	-	-	-	-	-	-	8,367,836	8,367,836
Other assets	-	-	-	-	-	-	26,357,754	26,357,754
<b>Total assets</b>	<b>6,945,238</b>	<b>3,666,249</b>	<b>117,476,944</b>	<b>152,616,960</b>	<b>208,523,357</b>	<b>137,956,169</b>	<b>63,207,225</b>	<b>690,392,142</b>
<b>Liabilities</b>								
Borrowings from the Government and the SBV	-	-	140	-	-	-	1,924,933	1,925,073
Deposits and borrowings from other credit institutions	-	-	43,601,677	35,296,595	15,572,027	9,343,216	-	103,813,515
Deposits from customers	-	-	112,311,429	121,296,344	170,713,372	44,924,572	-	449,245,717
Derivative financial instruments and other financial liabilities	-	-	366,275	-	-	-	-	366,275
Grants, trusted funds and borrowings at risk of the credit institution	-	-	6,627,924	14,912,830	16,155,566	1,019,083	2,709,125	41,424,528
Valuable papers issued	-	-	-	4,320	-	-	4,500,000	9,904,527
Other liabilities	-	-	3,033,404	5,562,235	12,115,001	3,634,500	-	24,345,140
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>165,940,849</b>	<b>177,072,324</b>	<b>214,555,966</b>	<b>64,321,578</b>	<b>9,134,058</b>	<b>631,024,775</b>
<b>Net liquidity difference</b>	<b>6,945,238</b>	<b>3,666,249</b>	<b>(48,463,905)</b>	<b>(24,455,364)</b>	<b>(6,032,609)</b>	<b>73,634,591</b>	<b>54,073,167</b>	<b>59,367,367</b>

(\*) Excluding risk provision.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 05a/TCTD**

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

**47. CONTINGENT LIABILITIES**

As at 30 June 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. At the reporting date, the Appeal Court of People's Supreme Court at Ho Chi Minh City ("the Appeal Court") had judged the case on 07 January 2015, 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 these 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. Under the provisions of the criminal law and criminal procedure for a case that is being re-investigated, the responsibilities and legal obligations of the parties concerned shall be defined only when the case has been trial with specific judgment and the verdict takes effect. However, based on the results of the reconciliation procedure, 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 these accused individual mentioned above.

**48. SUBSEQUENT EVENTS**

On 17 July 2015, the Bank has made 2014 dividend payment in cash to all shareholders included in the list of securities owners recorded as at 25 June 2015. The dividend payment in cash in 2014 was made in accordance with Resolution No.243/NQ-HDQT-NHCT44 dated 10 June 2014 by the Board of Directors with the rate of 10% per shares equivalent to VND 1,000 per ordinary share.

On 8 July 2015 in Hanoi, the Bank obtained License No.068/NHCHDCNDL by the People's Democratic Republic Bank of Laos on approval of upgrading Laos branch of the Bank to Vietnam Bank for Industry and Trade Limited in Laos with the charter capital of Laos Kip 402,207,224,905, equivalent to VND 1,070,000 million.

**49. 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 PGBank share shall be swapped for 0.9 share of the Bank) under approval by the General Shareholders' Meeting according to Resolution No. 14/NQ-HDQT dated 14 April 2015. Accordingly, the Bank will issue 300 million shares, of which 270 million shares will be allocated to PGBank's shareholders to swapped for 300 million shares of PGBank, the remaining 30 million shares will be allocated 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)

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

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

	30/6/2015	31/12/2014
	VND	VND
USD	21,673	21,246
EUR	24,223	25,908
GBP	34,138	33,210
CHF	23,341	21,548
JPY	177.30	178.32
SGD	16,130	16,137
CAD	17,507	18,389
AUD	16,669	17,459
NZD	14,688	16,711
THB	632.92	638.42
SEK	2,633	2,762
NOK	2,762	2,878
DKK	3,247	3,480
HKD	2,800	2,749
CNY	3,491	3,426
KRW	19.46	19.60
LAK	2.67	2.62
MYR	5,751	6,100

51. COMPARATIVE FIGURES

The comparative figures of the balance sheet are figures in the audited separate financial statements for the financial year ended 31 December 2014. The comparative figures of the statements of income and cash flow are figures in the reviewed separate financial statements for the period from 01 January 2014 to 30 June 2014.

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

Off-Balance sheet items	31/12/2014 Presented in the separate financial statements for the financial year ended 31 December 2014	Addition in the separate financial statements for the period from 01 January 2015 to 30 June 2015	Reason
		million VND	
Foreign exchange transactions commitments	Not presented	62,361,790	
<i>Buying foreign currency commitments</i>	<i>Not presented</i>	1,274,173	According to Circular 49
<i>Selling foreign currency commitments</i>	<i>Not presented</i>	1,274,379	
<i>Cross currency swap contracts</i>	<i>Not presented</i>	59,813,238	
<i>Future commitments</i>	<i>Not presented</i>	-	

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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

**51. COMPARATIVE FIGURES (Continued)**

Certain classifications have been made to the prior period's figures to enhance their comparability with the current period's presentation. Details are as follows:

Income Statement items	Presented in the separate financial statements for the period from 01/01/2014	Difference	Reclassified in the separate financial statements for the period from 01/01/2015
	to 30/6/2014		to 30/6/2015
	million VND	million VND	million VND
Interest and similar income	20,445,265 ✓	151,902 ✓	20,597,167 ✓
Income from services	1,010,053 ✓	(151,902) ✓	858,151 ✓

Cash flow items	Presented in the separate financial statements for the period from 01/01/2014	Difference	Reclassified in the separate financial statements for the period from 01/01/2015
	to 30/6/2014		to 30/6/2015
	million VND	million VND	million VND
Interest and similar income received	20,210,896 ✓	151,902 ✓	20,362,798 ✓
Service income received	671,277 ✓	(151,902) ✓	519,375 ✓

Preparer *ll*

Approver

*ll*

*Huu*



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**Tran Minh Binh**  
Deputy General Director

27 August 2015