



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

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the year ended 31 December 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 consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2015.

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

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

#### **Board of Directors**

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

#### **Board of Management**

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

#### **Person authorized to sign the financial statements**

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

### BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Bank is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Bank and its subsidiaries and of their consolidated results and consolidated cash flows for the year in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of Management is required to:

- select appropriate accounting policies and then applying 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 consolidated financial statements;
- prepare the consolidated 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 consolidated 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 consolidated 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 its subsidiaries 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 consolidated financial statements.

For and on behalf of the Board of Management,



**Le Duc Tho**  
General Director

*Hanoi, 21 March 2016*

No.: 224 /VNIA-HN-BC

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade and its subsidiaries (the "Bank"), prepared on 21 March 2016 as set out from page 05 to page 83, which comprise the consolidated balance sheet as at 31 December 2015, the consolidated statement of income, consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

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

## INDEPENDENT AUDITORS' REPORT (Continued)

### *Emphasis of matter*

We would like to draw readers' attention to Note 52 of the Notes to the consolidated financial statements "Contingent liabilities", as at 31 December 2015, the Bank has legal rights and obligations related to the case of Huynh Thi Huyen Nhu and the other former employees of Ho Chi Minh City branch and Nha Be branch of the Bank. As at 07 January 2015, the Appeal Court of People's Supreme Court at Ho Chi Minh City ("the Appeal Court") had judged the case, sentencing the accused for swindling to appropriate assets and certain other crimes, simultaneously reaching a verdict on judgment against the accused members. In terms of civil responsibilities, Huynh Thi Huyen Nhu was responsible for reimbursement to three (03) banks, four (04) companies and three (03) individuals which were defrauded by her and the Bank neither has compensation obligations, joint liability nor incurs any financial loss with regards to the illegal actions of the accused members mentioned above. The Appeal Court has ceased the first instance judgment in part relating to Huynh Thi Huyen Nhu's illegal actions to five (05) other companies for re-investigation and judgment as regulated by laws. Accordingly, the responsibilities and legal obligations of the parties concerned shall be defined only when the case has been re-investigated and tried with effective judgment and verdict. Our opinion is not modified in respect of this matter.



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

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

21 March 2016  
Hanoi, S.R. Vietnam

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

**CONSOLIDATED BALANCE SHEET**

*As at 31 December 2015*

**FORM B 02/TCTD-HN**

*Unit: Million VND*

NO. ITEMS	Notes	31/12/2014	
		31/12/2015	Restated
<b>A. ASSETS</b>			
<b>I. Cash, gold and gemstones</b>	<b>5</b>	<b>5,090,768</b>	<b>4,630,740</b>
<b>II. Balances with the State Bank of Vietnam ("SBV")</b>	<b>6</b>	<b>11,892,969</b>	<b>9,876,451</b>
<b>III. Placements with and loans to other credit institutions</b>	<b>7</b>	<b>66,018,789</b>	<b>75,433,624</b>
1. Placements with other credit institutions		64,385,375	67,162,062
2. Loans to other credit institutions		1,633,414	8,271,562
3. Provisions for losses		-	-
<b>IV. Trading securities</b>	<b>8</b>	<b>3,346,354</b>	<b>3,647,897</b>
1. Trading securities		3,373,406	3,654,333
2. Provisions for impairment of trading securities		(27,052)	(6,436)
<b>V. Loans to customers</b>		<b>533,530,118</b>	<b>435,502,525</b>
1. Loans to customers	10	538,079,829	439,869,027
2. Provisions for credit losses of loans to customers	11	(4,549,711)	(4,366,502)
<b>VI. Investment securities</b>	<b>12</b>	<b>120,024,229</b>	<b>93,404,410</b>
1. Available-for-sale investment securities		108,940,288	87,338,962
2. Held-to-maturity investment securities		12,928,649	6,708,858
3. Provisions for impairment of investment securities	13	(1,844,708)	(643,410)
<b>VII. Long-term investments</b>	<b>14</b>	<b>3,892,314</b>	<b>3,787,119</b>
1. Investments in joint-ventures		2,782,845	2,843,745
2. Other long-term investments		1,131,164	1,030,326
3. Provisions for impairment of long-term investments		(21,695)	(86,952)
<b>VIII. Fixed assets</b>		<b>8,665,767</b>	<b>8,894,803</b>
1. Tangible fixed assets	15	4,374,977	4,661,988
a. Cost		9,746,338	9,313,732
b. Accumulated depreciation		(5,371,361)	(4,651,744)
2. Intangible assets	16	4,290,790	4,232,815
a. Cost		5,090,892	4,874,631
b. Accumulated amortisation		(800,102)	(641,816)
<b>IX. Other assets</b>		<b>27,022,179</b>	<b>26,064,158</b>
1. Other receivables	17	10,799,595	9,981,237
2. Interest and fee receivables		12,863,853	12,706,353
3. Other assets	18	3,360,668	3,379,281
- In which: Goodwill	19	6,352	8,167
4. Provisions for impairment of other balance sheet assets		(1,937)	(2,713)
<b>TOTAL ASSETS</b>		<b>779,483,487</b>	<b>661,241,727</b>

*The notes set out from pages 12 to 83 are an integral part of these consolidated financial statements*

**CONSOLIDATED BALANCE SHEET (Continued)**

*As at 31 December 2015*

**FORM B 02/TCTD-HN**

*Unit: Million VND*

NO. ITEMS	Notes	31/12/2014	
		31/12/2015	Restated
<b>B. LIABILITIES AND OWNERS' EQUITY</b>			
<b>I. Borrowings from the Government and the SBV</b>	<b>20</b>	<b>13,227,115</b>	<b>4,731,403</b>
<b>II. Deposits and borrowings from other credit institutions</b>	<b>21</b>	<b>99,169,216</b>	<b>103,769,865</b>
1. Deposits from other credit institutions		43,399,347	42,040,236
2. Borrowings from other credit institutions		55,769,869	61,729,629
<b>III. Deposits from customers</b>	<b>22</b>	<b>492,960,064</b>	<b>424,181,174</b>
<b>IV. Derivative financial instruments and other financial liabilities</b>	<b>9</b>	<b>117,619</b>	<b>415,778</b>
<b>V. Grants, trusted funds and borrowings at risk of the credit institution</b>	<b>23</b>	<b>54,237,247</b>	<b>32,021,693</b>
<b>VI. Valuable papers issued</b>	<b>24</b>	<b>20,860,497</b>	<b>5,294,073</b>
<b>VII. Other liabilities</b>		<b>42,801,583</b>	<b>35,568,637</b>
1. Accrued fee and interest expenses		5,971,380	5,752,268
2. Other payables and liabilities	25	36,711,027	29,748,631
3. Other provisions	25	119,176	67,738
<b>TOTAL LIABILITIES</b>		<b>723,373,341</b>	<b>605,982,623</b>
<b>VIII. Capital and reserves</b>	<b>27</b>	<b>56,110,146</b>	<b>55,259,104</b>
1. Capital		46,208,778	46,208,816
<i>a. Charter capital</i>		<i>37,234,046</i>	<i>37,234,046</i>
<i>b. Share premium</i>		<i>8,974,732</i>	<i>8,974,770</i>
2. Reserves		5,275,032	4,345,766
3. Foreign exchange reserves		441,537	338,463
4. Retained earnings		3,942,373	4,140,788
5. Non-controlling interests	27	242,426	225,271
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>779,483,487</b>	<b>661,241,727</b>

*The notes set out from pages 12 to 83 are an integral part of these consolidated financial statements*

**CONSOLIDATED BALANCE SHEET (Continued)**

*As at 31 December 2015*

**FORM B 02/TCTD-HN**  
*Unit: Million VND*

**OFF-CONSOLIDATED BALANCE SHEET ITEMS**

NO. ITEMS	Notes	31/12/2014	
		31/12/2015	Restated
1. Credit guarantees	41	5,338,188	2,496,147
2. Foreign exchange transactions commitments	41	65,296,692	62,361,790
<i>Buying foreign currency commitments</i>		6,826,039	1,274,173
<i>Selling foreign currency commitments</i>		6,733,633	1,274,379
<i>Cross currency swap contracts</i>		51,737,020	59,813,238
3. Letter of credit	41	29,551,935	29,742,703
4. Other guarantees	41	32,145,380	21,873,697
5. Other commitments	41	30,337,607	26,392,728

Preparer *ll*

Approver

Approver



Le Nhu Hoa  
 Head of Financial Accounting  
 Management Department

Nguyen Hai Hung  
 Chief Accountant

Tran Minh Binh  
 Deputy General Director

21 March 2016

**CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 December 2015*

**FORM B 03/TCTD-HN**

*Unit: Million VND*

NO. ITEMS	Notes	2015	2014
			Restated
1. Interest and similar income	28	42,471,731	41,357,011
2. Interest and similar expenses	29	(23,632,746)	(23,494,895)
<b>I. Net interest income</b>		<b>18,838,985</b>	<b>17,862,116</b>
3. Income from services		2,650,863	2,117,486
4. Expenses on services		(1,190,961)	(938,625)
<b>II. Net profit from services</b>	<b>30</b>	<b>1,459,902</b>	<b>1,178,861</b>
<b>III. Net gain from trading foreign currencies</b>	<b>31</b>	<b>19,767</b>	<b>386,608</b>
<b>IV. Net gain from trading securities</b>	<b>32</b>	<b>129,177</b>	<b>192,423</b>
<b>V. Net gain/(loss) from investment securities</b>	<b>33</b>	<b>52,807</b>	<b>(153,675)</b>
5. Other operating income		4,108,124	3,744,115
6. Other operating expenses		(1,905,838)	(2,346,199)
<b>VI. Net profit from other activities</b>	<b>34</b>	<b>2,202,286</b>	<b>1,397,916</b>
<b>VII. Income from capital contribution, equity investments</b>	<b>35</b>	<b>40,960</b>	<b>166,384</b>
<b>VIII. Operating expenses</b>	<b>36</b>	<b>(10,719,457)</b>	<b>(9,804,496)</b>
<b>IX. Net profit from operating activities before credit provision expenses</b>		<b>12,024,427</b>	<b>11,226,137</b>
<b>X. Provision expenses for credit losses</b>		<b>(4,678,986)</b>	<b>(3,922,676)</b>
<b>XI. Profit before tax</b>		<b>7,345,441</b>	<b>7,303,461</b>

*The notes set out from pages 12 to 83 are an integral part of these consolidated financial statements*

**CONSOLIDATED INCOME STATEMENT (Continued)**

*For the year ended 31 December 2015*

**FORM B 03/TCTD-HN**  
*Unit: Million VND*

NO. ITEMS	Notes	2015	2014 Restated
7. Current corporate income tax expense	37	(1,628,563)	(1,575,581)
<b>XII. Corporate income tax expense</b>	<b>37</b>	<b>(1,628,563)</b>	<b>(1,575,581)</b>
<b>XIII. Profit after corporate income tax</b>		<b>5,716,878</b>	<b>5,727,880</b>
<b>XIV. Non-controlling interests</b>		<b>18,957</b>	<b>14,997</b>
<b>XV. Profit attributable to the owners of the Bank</b>		<b>5,697,921</b>	<b>5,712,883</b>
<b>XVI. Earnings per share (VND)</b>	<b>27</b>	<b>1,208</b>	<b>1,266</b>

Preparer *fle*

Approver

Approver



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

**Nguyen Hai Hung**  
Chief Accountant

**Tran Minh Binh**  
Deputy General Director

*21 March 2016*

**CONSOLIDATED CASH FLOW STATEMENT**

*For the year ended 31 December 2015*

**FORM B 04/TCTD-HN**  
*Unit: Million VND*

NO. ITEMS	2015	2014 Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
01. Interest and similar income received	42,478,255	38,696,470
02. Interest and similar expenses paid	(23,474,151)	(22,092,801)
03. Service income received	1,608,083	1,162,800
04. Net cash received gain from trading foreign currencies, gold and securities	1,471,322	552,849
05. Other expenses	(322,928)	(603,528)
06. Receipts from debts written-off or paid off by risk fund	2,241,477	1,204,239
07. Payments to employees and for operating management	(9,951,632)	(9,151,469)
08. Corporate income tax paid	(1,709,038)	(1,620,769)
<b>Net cash from operating profit before movements in assets and working capital</b>	<b>12,341,388</b>	<b>8,147,791</b>
<b><i>Movement in operating assets</i></b>	<b><i>(128,359,308)</i></b>	<b><i>(71,724,402)</i></b>
09. Decrease in deposits at and loans to other credit institutions	6,756,363	5,761,295
10. (Increase) in trading securities	(27,073,650)	(5,889,301)
11. Decrease in derivatives and others financial assets	-	164,334
12. (Increase) in loans to customers	(105,121,197)	(69,972,844)
13. (Decrease) in provisions for losses	(3,458,017)	(1,928,993)
14. Decrease/(Increase) in other operating assets	537,193	141,107
<b><i>Movement in operating liabilities</i></b>	<b><i>114,814,594</i></b>	<b><i>82,084,624</i></b>
15. Increase in borrowings from the Government and the State Bank of Vietnam	8,495,712	4,584,032
16. (Decrease)/Increase in deposits and borrowings from other credit institutions	(4,600,649)	23,305,116
17. Increase in deposits from customers (including the State Treasury)	68,778,890	59,684,172
18. Increase/(Decrease) in issued valuable papers (excluding valuable papers charged to financial activities)	15,566,424	(11,270,693)
19. Increase/(Decrease) in grants, trusted funds and borrowings at risk of the credit institution	22,215,554	(402,826)
20. (Decrease)/Increase in derivatives and other financial liabilities	(298,159)	415,779
21. (Decrease)/Increase in other operating liabilities	4,657,170	5,769,079
22. Cash outflows from reserves of the credit institution	(348)	(35)
<b>I. Net cash (used in)/from operating activities</b>	<b>(1,203,326)</b>	<b>18,508,013</b>

*The notes set out from pages 12 to 83 are an integral part of these consolidated financial statements*

**CONSOLIDATED CASH FLOW STATEMENT (Continued)**

*For the year ended 31 December 2015*

FORM B 04/TCTD-HN  
Unit: Million VND

NO. ITEMS	2015	2014 Restated
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
01. Acquisition of fixed assets	(1,912,423)	(3,227,821)
02. Proceeds from sales, disposal of fixed assets	233,554	1,250,544
03. Expenses on sales, disposal of fixed assets	(18,308)	(1,749)
04. Investments in other entities	(13,860)	-
05. Proceeds from investments in other entities	39,705	10,000
06. Dividends and profit received from long-term investments and capital contribution	373,492	18,873
<b>II. Net cash (used in) investing activities</b>	<b>(1,297,840)</b>	<b>(1,950,153)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
01. Dividends paid	(3,723,405)	(3,734,193)
02. Receipts from selling treasury shares	-	13,087
<b>III. Net cash (used in) financing activities</b>	<b>(3,723,405)</b>	<b>(3,721,106)</b>
<b>IV. Net (decrease)/increase in cash</b>	<b>(6,224,571)</b>	<b>12,836,754</b>
<b>V. Cash and cash equivalents at the beginning of the year</b>	<b>87,064,648</b>	<b>74,215,984</b>
<b>VI. Effects of changes in foreign exchange rates</b>	<b>42,645</b>	<b>11,910</b>
<b>VII. Cash and cash equivalents at the end of the year (Note 38)</b>	<b>80,882,722</b>	<b>87,064,648</b>

Preparer *le*

Approver



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

**Nguyen Hai Hung**  
Chief Accountant

**Tran Minh Binh**  
Deputy General Director

21 March 2016

*The notes set out from pages 12 to 83 are an integral part of these consolidated financial statements*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FORM B 05/TCTD-HN**

*These notes are an integral part of and should be read in conjunction with the accompanying consolidated 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 (the “SBV”). On 25 December 2008, Vietnam Bank for Industry and Trade successfully undertook its Initial Public Offering.

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

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

**Charter capital**

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

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

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**1. GENERAL INFORMATION (Continued)**

**The branch network**

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

**Subsidiaries**

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

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

**Employees**

The total number of employees of the Bank as at 31 December 2015 is 21,024 (as at 31 December 2014: 19,787).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying consolidated 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 consolidated financial statements, the figures are rounded to and presented in millions of Vietnam Dong (million VND). This presentation does not materially impact the consolidated financial statements in terms of the financial position, the results of operations and the cash flows of the Bank and its subsidiaries. With regards to the number of shares, the Bank presented the items in unit as shown in Note 27.

The accompanying consolidated financial statements are 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.

**3. ADOPTION OF NEW ACCOUNTING GUIDANCE**

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

On 21 January 2013, the State Bank of Vietnam ("SBV") issued Circular No. 02/2013/TT-NHNN ("Circular 02") on classification of assets, provisioning and use of provisions against credit risks in the 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 dated 22 April 2005 of the 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 ("Decision 493") dated 22 April 2005 of the Governor on promulgating regulations on classification of debts, provisioning and use of provisions against credit risks in the banking activity by credit institutions; Decision No. 18/2007/QD-NHNN ("Decision 18") dated 25 April 2007 of the State Bank Governor on amending and supplementing a number of articles of Regulations on classification of debts, provisioning and use of provisions against credit risks in the banking activity by credit institutions regulated in Decision No. 493/2005/QD-NHNN dated 22 April 2005. On 18 March 2014, SBV issued Circular No. 09/2014/TT-NHNN ("Circular 09") on 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**3. ADOPTION OF NEW ACCOUNTING GUIDANCE (Continued)**

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

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

<b>Items</b>	<b>According to loan classification and provision-making regulations effective before 01 January 2015</b>	<b>According to loan classification and provision-making regulations effective after 01 January 2015</b>	<b>Effect of applying the CIC classification information for loans classification</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.	Loans to customers which are classified to lower risk level than the list provided by CIC will have to be reclassified and set up sufficient provision.
<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 based on classification according to Circular 02 and Circular 09.	Provision expenses for credit losses of loans to customers basing on debt classification after adjustments per customer group classified by CIC if the current customer group has lower risk than that is classified by CIC's list.	Provision expenses for credit losses of loans to customers are set up based on the customer group having the highest risk level as per information provided by CIC.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**3. ADOPTION OF NEW ACCOUNTING GUIDANCE (Continued)**

**Circular No. 202/2014/TT-BTC**

On 22 December 2014, the Ministry of Finance issued Circular No. 202/2014/TT-BTC ("Circular 202") guiding the preparation and presentation of consolidated financial statements. Circular 202 is effective for financial years beginning on or after 01 January 2015. Circular 202 will supersede section XIII in Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance guiding the preparation and presentation of consolidated financial statements in accordance with Vietnamese Accounting Standard No. 25 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries". However, the application of this Circular has no significant effect on the comparability of figures on the consolidated financial statements.

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

On 31 December 2014, the State Bank of Vietnam issued Circular No. 49/2014/TT-NHNN ("Circular 49") amending and supplementing some articles of the financial reporting regime for credit institutions, issued together with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 ("Decision 16") and the account system of credit institutions, issued together with Decision No. 479/2004/QĐ-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 consolidated financial statements for the year ended 31 December 2015.

Effect of applying the Circular to some main items on the consolidated financial statements for the year ended 31 December 2015 is 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>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 to 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 to 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**3. ADOPTION OF NEW ACCOUNTING 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 year.	Detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the year.	Expense related to provision for special bonds issued by VAMC in the year is not included in corresponding provision expense for security trading to deduct (-) when calculating Net gain/loss from trading securities according the guidance in Circular 49.
<b>Other operating expenses</b>	Exclude loan purchasing expense and expenses on social activities.	Include loan purchasing expense and expenses on social activities.	Reclassify loan purchasing expense from Operating expense to Other operating expense according to 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 year.	Detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the year.	Include expense related to provision for special bonds issued by VAMC in the year according to the guidance in Circular 49.
<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 Removal of item: - Financing commitments to customers.

//S/ AN 2/4/15

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Bank and enterprises controlled by the Bank (its subsidiaries) as at 31 December 2015. Control is achieved where the Bank has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Bank.

All internal transactions and balances between group enterprises are eliminated on consolidation.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling's share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**Business combinations**

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit or loss in the year of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interests in joint ventures**

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

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Bank reports its interests in jointly controlled entities using the equity method of accounting. According to equity method of accounting, investments in joint ventures are initially stated at cost. Subsequently, interests in joint ventures are adjusted by post-acquisition changes in the Bank's share of the net assets of the joint ventures.

**Goodwill**

Goodwill represents the excess of the cost of acquisition over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and is amortised on the straight-line basis over its estimated period of benefit of 10 years.

Goodwill arising on the acquisition of jointly controlled entities is included in the carrying amount of the jointly controlled entities. Goodwill arising on the acquisition of subsidiaries is presented separately as an intangible asset in the consolidated balance sheet.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

**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), 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Provision for credit losses**

In accordance with Law on Credit Institutions No. 47/2010/QH12 effective from 01 January 2011, Decision No. 1627/2001/QD-NHNN dated 31 December 2001 of the Governor of the State Bank on lending regulations of credit institutions, Decision No. 127/2005/QD-NHNN dated 03 February 2005 amending and supplementing a number of articles of lending regulations under Decision No. 1627/2001/QD-NHNN, Circular No. 02/2013/TT-NHNN dated 21 January 2013 (“Circular 02”) of the State Bank Governor stipulating classification of assets, levels and method of provisioning and use of provision against credit risk in banking activities by credit institutions and branches of foreign banks and Circular No. 09/2014/TT-NHNN dated 18 March 2014 (“Circular 09”) amending Circular 02, credit institutions are required to classify loans and make provisions for credit losses. Accordingly, the classification and making provisions for credit losses under guidance of Circular 02 and Circular 09 are applied for the following assets:

- Loans;
- Finance leases;
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit facilities in the form of credit card issuance;
- Amounts payables on customers’ behalf under off-balance sheet commitments;
- Cost and entrusted amounts for purchase of corporate bonds unlisted on the stock market or unregistered for trading on trading market of unlisted public companies (Upcom) (hereinafter referred to as unlisted bonds), excluding purchase of unlisted bonds by entrustment amount which the trustors bear risks;
- Entrusted credit facilities;
- Deposits (excluding demand deposits) at domestic credit institutions, Vietnam-based foreign banks’ branches as prescribed by law and deposits at foreign credit institutions.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Provision for credit losses (Continued)**

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

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

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

General provision is made for credit losses which are yet to be identified during the loan classification. Accordingly, the Bank is required to make and maintain a general provision at 0.75% of total of loans 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 consolidated 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.

**Investments**

***Trading securities***

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

Interest received while holding trading securities is recorded in the consolidated income statement on the cash basis. Dividends are recognised in the consolidated income statement when dividend distributions are officially announced.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments (Continued)**

*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 amortisations (for debt securities with interest paid in advance) is recorded in a separate account. Any discount or surplus which is the difference between par value and the amount equal to par value plus (+) accumulative interest income before the purchasing date (if any) for debt securities with interest paid in arrears or minus (-) interest income received upfront awaiting amortisation (if any) for debt securities with interest paid in advance is also recorded in a separate account.

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments (Continued)**

***Investment securities (Continued)***

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

The special bonds are redeemed in the following cases:

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

***Available-for-sale investment securities***

Available-for-sale investment securities include debt and equity securities that the Bank holds for investment purpose and that are ready for sale. These securities are not frequently traded but could be sold at any time once they are profitable, and the Bank is neither founding shareholder nor strategic partner 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.

Available-for-sale debt securities are initially recognised at par value as at the transaction date. Accrued interest income before the purchasing date (for debt securities with interest paid in arrears) or interest income received upfront awaiting amortisations (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 consolidated income statement using the straight-line method over the remaining term of securities.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments (Continued)**

***Provisions for impairment of trading securities and investment securities***

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

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

At VietinBank Fund Management Company Ltd. and VietinBank Securities Joint Stock Company, provisions for impairment of securities are made in accordance with Circular No. 146/2014/TT-BTC ("Circular 146") dated 06 October 2014 issued by the Ministry of Finance. Accordingly, for listed securities, the companies determined the value of the investments using closing prices in the active market as at the balance sheet date.

Except for cases mentioned above, provisions for impairment of such securities are made in accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 and guidance under Circular No. 228/2009/TT-BTC dated 07 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 amending and supplementing Circular 228 issued by the Ministry of Finance. Accordingly, for listed securities, the Bank determined the value of the investments using market 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 year to determine the value of the investments. When market price increases, the gain will be offset against, but not exceed the provision made previously. The excessive amount is not recorded as income until the securities are sold.

***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 is the difference between the Bank's actual contributed capital to the investees and the Bank's share of the owner's equity of the investee. Provision for impairment of long-term investments is recorded as an operating expense in the Bank's consolidated income statement.

***Recognition***

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments (Continued)**

***Recognition (Continued)***

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 dated 14 April 2009 of the SBV on checking up classification and making provisions for impairment of financial investments).

***Derecognition***

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.

**Repurchase and Reverse Repurchase Agreements**

Securities sold under agreements to repurchase at a specific date in the future (repos) are recorded in the consolidated financial statements. The corresponding proceeds received is recognised in the consolidated balance sheet as a liability. The difference between the sale price and repurchase price is amortised to the consolidated 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 consolidated financial statements. The corresponding cash payment is recognised in the consolidated balance sheet as an asset. The difference between the purchasing price and resale price is amortised to the consolidated 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 trust 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 Bank's consolidated financial statements.

**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 consolidated 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Tangible fixed assets and depreciation (Continued)**

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

<u>Assets</u>	<u>2015 Estimated useful lives (Years)</u>
Buildings and structures	05 - 40
Machinery and equipment	03 - 07
Motor vehicles	06 - 07
Others 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 expense is recognised in the consolidated income statement.

**Intangible assets and amortisation**

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

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

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease.

***The Bank as lessor***

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred for obtaining income from the operating lease are recognised as expenses in the year or allocated to expenses over the lease term in accordance with rental income recognition.

***The Bank as lessee***

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 consolidated 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 consolidated income statement, using the straight-line method over the period of prepayment term in accordance with prevailing accounting regulations, but not exceeding three years for repair, maintenance cost for assets, and not exceeding two years for tools and supplies issued for consumption or over the time of service for prepaid service fee.

**Other receivables**

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

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

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

Accordingly, provisions for overdue receivables at the end of the financial year are made based on the following provision rates applied to receivables as at the 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 the issuance of common stocks are recognised as a decrease in the share premium in the owners' equity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital and reserves (Continued)**

***Treasury shares***

When issued stocks are repurchased, the aggregate amount paid, including expenses that directly relate to the repurchase of stocks, after deducting taxes, is recorded as treasury shares and stated as a decrease in the 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, 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 funds: are established in accordance with the prevailing regulations and the Decisions approved by the General Shareholders' Meetings.

Subsidiaries' reserves are appropriated based on the Bank's policy, except for the following subsidiaries' reserves which are appropriated based on relevant legal regulations:

VietinBank Securities Joint Stock Company and VietinBank Fund Management Company Ltd.: reserves are appropriated from profit after tax according to Circular No. 146/2014/TT-BTC issued by the Ministry of Finance dated 06 October 2014, the rates are as follows:

- Charter capital supplementary reserves: 5% of profit after tax but not exceeding 10% of the subsidiary's charter capital;
- Financial reserve fund: 5% of profit after tax but not exceeding 10% of the subsidiary's charter capital.

VietinBank Insurance Company Ltd.: reserve is appropriated from profit after tax according to Decree No. 46/2007/ND-CP issued by the Government dated 27 March 2007, the rate is as follows:

- Compulsory reserve fund: 5% of profit after tax but not exceeding 10% of the subsidiary's charter capital.

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

**Revenue and expenses**

***Interest income***

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and expenses (Continued)**

***Borrowing costs***

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

***Revenue from sales of goods***

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Bank has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Bank retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Bank; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

***Revenue from insurance services***

Revenue from insurance services is recognised at the time when both of the following conditions are met: (a) the insurance contract has been entered into by the insurer and the insured; (b) the premium has been paid by the insured or there is an agreement between the insurer and the insured for delayed payment of insurance premium (in gross written premium) or the amount is incurred on the reinsurance notice of the cedents to the Bank (for reinsurance premium) with the following adjustments:

- (Increase)/decrease in provision for unearned premium which is made under Circular No. 125/2012/TT-BTC issued by the Ministry of Finance dated 30 July 2012;
- Deduct the reinsurance premium which is recorded based on the amount of premium payable to the reinsurer, corresponding to the gross written premium recognised in the period; and
- Add reinsurance commission which is recognised in line with the recognition of respective reinsurance premium.

***Recognition of dividends and profit received***

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

***Claim settlement expenses of insurance activities***

Claim settlement expenses are recorded when claim files are completed and approved by competent people. In case the Bank assures that insurance responsibilities belong to the Bank and the Bank has advanced to client under client's request but the claim amount has not been determined reliably, the settled amount is also recorded to claim settlement expenses. Claim expenses which have not been approved at the end of the financial year are considered as deferred expense and accounted in claim reserve.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and expenses (Continued)**

***Commission expense of insurance activities***

Commission expenses are recorded when incurred. Commission expenses are calculated by percentage of premium from direct insurance and recorded to the consolidated income statement for the year. Commission of each insurance product is calculated at certain percentage in accordance with Circular No. 124/2012/TT-BTC dated 30 July 2012 and Circular No. 194/2014/TT-BTC dated 17 December 2014 amending and supplementing Circular 124 issued by the Ministry of Finance.

***Income and expense from other services***

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

**Underwriting reserves**

The Bank's subsidiary makes underwriting reserves as regulated in Article No. 96 of the Law on Insurance Business, Decree No. 46/2007/ND-CP dated 27 March 2007 by the Government, Circular No. 156/2007/TT-BTC dated 20 December 2007 issued by the Ministry of Finance (amended and supplemented by Circular No. 125/2012/TT-BTC issued by the Ministry of Finance dated 30 July 2012), accordingly:

***Unearned premium reserve:*** The reserve is provided for at the rate of 25% of the premium retained for the year for all types of cargo insurance and at 50% of the premium retained for insurance services of other types.

***Claim reserve:*** The reserve is provided for losses that incurred and reported including direct insurance and inward reinsurance, but not yet settled, using each claim dossier method based on the retention liabilities and the amount claim reinsurers for each estimated loss.

For the incurred but not reported (IBNR) losses, claim reserve is provided for based on statistical rate of the three consecutive years to ensure that IBNR losses are carefully assessed and fully recorded.

***Catastrophe reserve:*** In accordance with Vietnamese Accounting Standard No. 19 "Insurance Contract", reserve to cover the losses in the future of which the claims did not appear at the balance sheet date (including catastrophe reserve) is deemed not necessary. However, following regulations of Circular No.156/2007/TT-BTC dated 20 December 2007 issued by the Ministry of Finance (amended and supplemented by Circular No.125/2012/TT-BTC dated 30 July 2012). According to Official Letter No. 17924 dated 26 December 2012 issued by the insurance supervisory authority of the Ministry of Finance, the Bank is allowed to make catastrophe reserve of 1% retained premium during the year for all types of insurance, the reserve will be appropriated until it reaches 100% of retained earnings for the year.

**Foreign currencies**

According to the Bank's accounting system, all transactions are recorded in the original currency. Income and expense arising in foreign currency during the year are translated into VND at interbank exchange rate quoted by the State Bank of Vietnam for USD and at bank transfer rate for other foreign currencies at the end of the transaction date. Monetary assets and liabilities and the balance of equity reserves denominated in foreign currencies as at the balance sheet date are translated into VND using the above exchange rate as at the balance sheet date (see list of applicable exchange rates of foreign currencies against VND as at 31 December 2015 in Note 54). Foreign exchange differences arising from the revaluation of monetary assets and liabilities denominated in foreign currencies into VND are recognised in the consolidated income statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Foreign currencies (Continued)**

For the purpose of preparing the consolidated financial statements, assets and liabilities of subsidiaries and joint ventures of which financial statements are prepared in currencies other than VND (including comparative figures) are translated into VND at the above exchange rate at the end of the year. Income and expenses are translated at the average exchange rate during the year; in circumstances of significant fluctuation, those are translated at the exchange rates at the transaction dates. All foreign exchange differences, if any, are classified as equity and recorded as "Foreign exchange reserves". Foreign exchange reserves are recognised in the consolidated income statement when investments in subsidiaries or joint ventures are disposed.

**Other payable 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 as at the closing date.

**Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Employee benefits**

*Post-employment benefits*

When retiring, employees of the Bank are entitled to receive post-employment benefits from the Social Insurance Fund and a 2-month payment based on the actual average of monthly salary and cost of living allowance of 06 months adjacent to the date of employees' retirement paid by the Bank (allocated from the Bank's provision for salary).

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

*Resignation allowance*

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

*Unemployment allowance*

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

**Derivatives**

*Forward, swap and future contracts*

For currency forward, swap and future contracts, the difference of VND amounts equivalent to the foreign currencies committed for trading between forward exchange rate and spot exchange rate as at effective date of the contract is recognised as asset - "Interest receivables from derivative financial instruments" when it is positive, or as liabilities - "Interest payables from derivative financial instruments" when it is negative. The difference is subsequently amortised in the consolidated 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 and recorded in foreign exchange reserve and then transferred to "Net gain/loss from trading foreign currencies" as at the balance sheet date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Derivatives (Continued)**

***Currency option contracts***

Commitment amount for the currency option contracts is not recognised in the consolidated 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 consolidated income statement in "Net gain/loss from trading foreign currencies".

**Related parties**

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

- (a) Directly or indirectly through one or more intermediaries, the party:
- Has capability to control the Bank or is controlled by the Bank (including the holding company and subsidiaries);
  - Has contributed capital to the Bank that accordingly, gives it significant influence over the Bank;
  - Has joint control over the Bank;
- (b) The party is a joint venture or an associate in which the Bank is a venturer;
- (c) The party has a close member of the Board of Directors, Board of Management and Board of Supervisors 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-consolidated 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 consolidated 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 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**5. CASH, GOLD AND GEMSTONES**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Cash in VND	4,392,024	3,989,948
Cash in foreign currencies	643,793	605,367
Valuable papers in foreign currencies	14,239	1,423
Monetary gold	15,450	12,052
Non-monetary gold	1,139	-
Gold, other precious metal and gemstones	24,123	21,950
	<u>5,090,768</u>	<u>4,630,740</u>

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

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current account at the State Bank of Vietnam in VND	8,786,477	7,357,366
Current account at the State Bank of Vietnam in foreign currencies	3,106,492	2,519,085
	<u>11,892,969</u>	<u>9,876,451</u>

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Placements with other credit institutions</b>		
Demand deposits	15,685,526	12,926,088
- In VND	7,360,065	6,526,647
- In foreign currencies	8,325,461	6,399,441
Term deposits	48,699,849	54,235,974
- In VND	12,318,625	43,898,000
- In foreign currencies	36,381,224	10,337,974
	<u>64,385,375</u>	<u>67,162,062</u>
<b>Loans to other credit institutions</b>		
- In VND	1,353,564	4,978,432
<i>Include: discounts, rediscounts</i>	303,564	4,878,432
- In foreign currencies	279,850	3,293,130
<i>Include: discounts, rediscounts</i>	-	-
- Provisions for credit losses	-	-
	<u>1,633,414</u>	<u>8,271,562</u>
<b>Placements with and loans to other credit institutions</b>	<u>66,018,789</u>	<u>75,433,624</u>

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

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current loans	50,333,263	62,507,536
Special-mentioned loans	-	-
Sub-standard loans	-	-
Doubtful loans	-	-
Loss loans	-	-
<b>Total</b>	<u>50,333,263</u>	<u>62,507,536</u>

**8. TRADING SECURITIES**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Debt securities</b>	<b>3,200,074</b>	<b>3,595,310</b>
- Government bonds	3,200,074	3,595,310
<b>Equity securities</b>	<b>173,332</b>	<b>59,023</b>
- Equity securities issued by other local credit institutions	4,670	14,784
- Equity securities issued by local business entities	168,662	44,239
	<u>3,373,406</u>	<u>3,654,333</u>
Provisions for impairment of trading securities	(27,052)	(6,436)
	<u>3,346,354</u>	<u>3,647,897</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**8. TRADING SECURITIES (Continued)**

**Listing status of trading securities**

	<u>31/12/2015</u> million VND	<u>31/12/2014</u> million VND
<b>Debt securities</b>		
Government bonds		
- Listed	3,200,074	3,595,310
<b>Equity securities</b>		
Equity securities issued by other local credit institutions		
- Listed	4,670	14,784
Equity securities issued by local business entities		
- Listed	129,822	21,888
- Unlisted	38,840	22,351
	<u>3,373,406</u>	<u>3,654,333</u>

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

	Net book value	
	(at the exchange rate as of the reporting date)	
	<u>Assets</u> million VND	<u>Liabilities</u> million VND
<b>As at 31/12/2015</b>		
<b>Currency derivative financial instruments</b>	-	117,619
Forward contracts	-	23,589
Swap contracts	-	94,030
<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 CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**10. LOANS TO CUSTOMERS**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Loans to local business entities and individuals	530,370,007	434,346,456
Discounting promissory notes and valuable papers	632,317	516,404
Finance leases	1,687,147	1,443,362
Payments made on behalf of customers	33,497	36,218
Loans by grants, investment trusts	834,517	1,081,587
Loans to foreign organisations and individuals	4,454,458	2,445,000
Frozen loans and loans pending for resolution	67,886	-
	<u>538,079,829</u>	<u>439,869,027</u>

**Analysis of loan balances by quality**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current loans	529,926,538	431,193,296
Special-mentioned loans	3,211,051	3,770,580
Sub-standard loans	1,411,357	351,923
Doubtful loans	735,343	2,468,319
Loss loans	2,795,540	2,084,909
	<u>538,079,829</u>	<u>439,869,027</u>

**Analysis of loan balances by term**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Short-term loans	301,472,059	263,705,167
Medium-term loans	60,120,242	39,684,156
Long-term loans	176,487,528	136,479,704
	<u>538,079,829</u>	<u>439,869,027</u>

Short-term, medium-term and long-term loans have initial terms of less than 1 year, from 1 year to 5 years and more than 5 years, respectively.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**10. LOANS TO CUSTOMERS (Continued)**

**Analysis of loan balances by type of business entity**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
State-owned enterprises	33,123,792	33,731,720
State-owned one-member limited enterprises	61,176,526	70,040,919
Two or more member limited liability enterprises with more than 50% of the State's share holding	4,097,319	2,599,293
Other limited companies	102,560,849	77,029,722
Joint stock companies with more than 50% of the State's share-holding	35,683,155	33,778,763
Other joint stock companies	142,518,950	112,903,580
Partnership companies	39,384	39,479
Private companies	15,588,031	13,672,192
Foreign invested enterprises	27,263,603	19,387,693
Cooperatives, cooperative unions	987,490	1,784,852
Household businesses, individuals	112,178,323	73,924,911
Administrative units, the Party, unions and associations	2,181,783	975,903
Others	680,624	-
	<u>538,079,829</u>	<u>439,869,027</u>

**Analysis of loan balances by industry**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Agricultural, forestry and aquaculture	20,129,999	14,810,445
Mining and quarrying	19,917,579	24,290,297
Manufacturing and processing	157,510,377	145,565,255
Electricity, fuel gas and hot water	31,221,063	27,936,030
Water supplying, garbage and sewage treatment and management	1,559,824	1,012,271
Construction	59,026,326	37,885,479
Wholesale and retail trade; repair of motor vehicles, motor cycles	152,123,602	126,330,108
Transport, warehouse	7,343,728	7,376,150
Hospitality services	3,551,927	3,231,545
Information and communications	1,590,299	1,400,003
Financial, banking and insurance activities	299,496	69,581
Real estate	42,522,609	27,200,777
Profession, science and technology	62,638	74,400
Administrative activities and supporting services	476,643	451,464
Education and training	791,863	707,717
Health care and social work	1,789,363	1,985,292
Other service activities	9,363,428	7,600,063
Households	26,978,616	11,128,888
International organisations and bodies	459,689	602,559
Others	1,360,760	210,703
	<u>538,079,829</u>	<u>439,869,027</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**10. LOANS TO CUSTOMERS (Continued)**

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

**11. PROVISIONS FOR CREDIT LOSSES OF LOANS TO CUSTOMERS**

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

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
<b>As at 01/01/2015</b> <b>(Restated)</b>	<b>3,159,793</b>	<b>1,206,709</b>	<b>4,366,502</b>
Provision charged for the year	655,550	2,585,718	3,241,268
Provision utilised in the year	-	(2,464,840)	(2,464,840)
Decrease in provision during the year	-	(593,219)	(593,219)
<b>As at 31/12/2015</b>	<b>3,815,343</b>	<b>734,368</b>	<b>4,549,711</b>

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

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

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
<b>As at 01/01/2014</b>	<b>2,628,031</b>	<b>672,195</b>	<b>3,300,226</b>
Provision charged for the year	531,762	3,399,376	3,931,138
Provision utilised to write off bad debts	-	(2,424,531)	(2,424,531)
Decrease in provision during the year	-	(440,331)	(440,331)
<b>As at 31/12/2014</b>	<b>3,159,793</b>	<b>1,206,709</b>	<b>4,366,502</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**12. INVESTMENT SECURITIES**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Available-for-sale investment securities</b>	<b>108,940,288</b>	<b>87,338,962</b>
<b>Debt securities</b>	<b>108,666,252</b>	<b>87,294,939</b>
- Government bonds (*)	39,468,438	41,999,430
- Debt securities issued by other local credit institutions	16,554,359	8,225,653
- Debt securities issued by local business entities	52,643,455	37,069,856
<b>Equity securities</b>	<b>274,036</b>	<b>44,023</b>
- Equity securities issued by local business entities	274,036	44,023
<b>Provisions for impairment of available-for-sale investment securities</b>	<b>(454,031)</b>	<b>(256,257)</b>
<i>In which:</i>		
- Provisions for impairment of available-for-sale equity investment securities	(62,164)	(15,990)
- General provision for impairment of available-for-sale debt	(391,867)	(240,267)
- Specific provision for impairment of available-for-sale debt	-	-
	<u><b>108,486,257</b></u>	<u><b>87,082,705</b></u>
<b>Held-to-maturity investment securities</b>	<b>12,928,649</b>	<b>6,708,858</b>
Government bonds	2,200,000	2,200,000
Debt securities issued by local business entities	10,728,649	4,508,858
<b>Provisions for impairment of held-to-maturity investment securities</b>	<b>(1,390,677)</b>	<b>(387,153)</b>
	<u><b>11,537,972</b></u>	<u><b>6,321,705</b></u>
<b>Total</b>	<u><b>120,024,229</b></u>	<u><b>93,404,410</b></u>

(\*) As at 31 December 2015, the Bank has pledged VND 9,714,700 million of Government bonds to secure for loans from the State Bank (see Note 20).

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

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Current loans	52,730,203	36,656,604
Special-mentioned loans	-	-
Sub-standard loans	-	-
Doubtful loans	-	-
Loss loans	-	-
<b>Total</b>	<u><b>52,730,203</b></u>	<u><b>36,656,604</b></u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**12. INVESTMENT SECURITIES (Continued)**

**Special bonds issued by VAMC**

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

**13. PROVISIONS FOR IMPAIRMENT OF INVESTMENT SECURITIES**

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

	<u>Provision for available-for-sale investment securities</u>			<u>Provision for held-to-maturity investment securities</u>		<u>Total</u>	
	<u>Debt securities issued by unlisted business entities</u>		<u>Equity securities</u>	<u>Debt securities issued by unlisted business entities</u>			<u>Other debt securities</u>
	<u>million VND</u>	<u>million VND</u>	<u>million VND</u>	<u>million VND</u>	<u>million VND</u>		
As at 01/01/2015	240,267	-	15,990	387,153	-	643,410	
Provision charged/(reversed) for the year (see Note 33)	151,599	-	(18,262)	1,437,718	-	1,571,055	
Provision utilised for the year	-	-	-	(434,194)	-	(434,194)	
Others	-	-	64,437	-	-	64,437	
<b>As at 31/12/2015</b>	<b>391,866</b>	<b>-</b>	<b>62,165</b>	<b>1,390,677</b>	<b>-</b>	<b>1,844,708</b>	

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

	<u>Provision for available-for-sale investment securities</u>			<u>Provision for held-to-maturity investment securities</u>		<u>Total</u>	
	<u>Debt securities issued by unlisted business entities</u>		<u>Equity securities</u>	<u>Debt securities issued by unlisted business entities</u>			<u>Other debt securities</u>
	<u>million VND</u>	<u>million VND</u>	<u>million VND</u>	<u>million VND</u>	<u>million VND</u>		
As at 01/01/2014	104,543	-	27,802	2,901	-	135,246	
Provision charged/(reversed) for the year (see Note 33)	135,724	-	(11,812)	499,828	-	623,740	
Provision utilised for the year	-	-	-	(115,576)	-	(115,576)	
<b>As at 31/12/2014</b>	<b>240,267</b>	<b>-</b>	<b>15,990</b>	<b>387,153</b>	<b>-</b>	<b>643,410</b>	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**13. PROVISIONS FOR IMPAIRMENT OF INVESTMENT SECURITIES (Continued)**

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

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

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
As at 01/01/2015	243,168	384,252	627,420
Provision charged for the year	151,599	1,437,718	1,589,317
Provision utilised for the year	-	(434,194)	(434,194)
<b>As at 31/12/2015</b>	<b>394,767</b>	<b>1,387,776</b>	<b>1,782,543</b>

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

	<u>General provision</u> million VND	<u>Specific provision</u> million VND	<u>Total</u> million VND
As at 01/01/2014	107,444	-	107,444
Provision reversed for the year	135,724	499,828	635,552
Provision utilised for the year	-	(115,576)	(115,576)
<b>As at 31/12/2014</b>	<b>243,168</b>	<b>384,252</b>	<b>627,420</b>

**14. LONG-TERM INVESTMENTS**

	<u>31/12/2015</u> million VND	<u>31/12/2014</u> Restated million VND
Investments in joint ventures	2,782,845	2,843,745
Other long-term investments	1,131,164	1,030,326
Provisions for impairment of long-term investments	(21,695)	(86,952)
	<b>3,892,314</b>	<b>3,787,119</b>

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

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

Consolidated financial statements  
For the year ended 31 December 2015

FORM B 05/TCTD-HN

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

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

**14. LONG-TERM INVESTMENTS (Continued)**

**Investments in joint ventures**

Details of investments in joint ventures as at the reporting date are as follows:

	31/12/2015		31/12/2014		Proportion of ownership interest %	Cost in original currency USD	Net value of investment using equity method million VND	Proportion of ownership interest %
	Cost in original currency USD	Cost equivalent million VND	Cost in original currency USD	Net value of investment using equity method million VND				
Indovina Bank Ltd.	96,500,000	1,688,788	2,464,219	1,688,788	50	96,500,000	2,420,666	50
Vietinbank Aviva Life Insurance Company Limited	Non-applicable	400,000	318,626	400,000	50	Non-applicable	423,079	50
		<u>2,088,788</u>	<u>2,782,845</u>	<u>2,088,788</u>			<u>2,843,745</u>	

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***15. TANGIBLE FIXED ASSETS**

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

	<b>Buildings, 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 01/01/2015 (Restated)	4,173,165	4,072,663	877,566	190,338	9,313,732
Acquisitions during the year	110,187	141,871	120,814	11,068	383,940
Transfer from construction in progress	110,644	4,931	2,691	762	119,028
Other additions	6,298	1,775	3,261	8,263	19,597
Disposals	(38,847)	(19,417)	(14,914)	(2,150)	(75,328)
Reclassification	(1,658)	44,601	8,902	(53,503)	(1,658)
Other decreases	(8,756)	(2,989)	(590)	(638)	(12,973)
<b>As at 31/12/2015</b>	<b>4,351,033</b>	<b>4,243,435</b>	<b>997,730</b>	<b>154,140</b>	<b>9,746,338</b>
<b>Accumulated depreciation</b>					
As at 01/01/2015 (Restated)	964,282	2,991,802	577,277	118,383	4,651,744
Charge for the year	217,695	423,889	102,202	22,127	765,913
Other additions	755	349	478	69	1,651
Disposals	(3,877)	(15,998)	(14,212)	(2,150)	(36,237)
Reclassification	(350)	27,880	5,068	(32,948)	(350)
Other decreases	(8,010)	(2,419)	(404)	(527)	(11,360)
<b>As at 31/12/2015</b>	<b>1,170,495</b>	<b>3,425,503</b>	<b>670,409</b>	<b>104,954</b>	<b>5,371,361</b>
<b>Net book value</b>					
<b>As at 31/12/2015</b>	<b>3,180,538</b>	<b>817,932</b>	<b>327,321</b>	<b>49,186</b>	<b>4,374,977</b>
<b>As at 31/12/2014</b>	<b>3,208,883</b>	<b>1,080,861</b>	<b>300,289</b>	<b>71,955</b>	<b>4,661,988</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***16. INTANGIBLE ASSETS**

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

	Land use rights million VND	Others million VND	Total million VND
<b>Cost</b>			
As at 01/01/2015 (Restated)	3,984,153	890,478	4,874,631
Acquisitions during the year	194,393	1,765	196,158
Other additions	38,593	12,852	51,445
Reclassification	1,658	-	1,658
Other decreases	-	(33,000)	(33,000)
<b>As at 31/12/2015</b>	<b>4,218,797</b>	<b>872,095</b>	<b>5,090,892</b>
<b>Accumulated amortisation</b>			
As at 01/01/2015 (Restated)	144,321	497,495	641,816
Charge for the year	37,065	124,273	161,338
Reclassification	350	-	350
Other decreases	-	(3,402)	(3,402)
<b>As at 31/12/2015</b>	<b>181,736</b>	<b>618,366</b>	<b>800,102</b>
<b>Net book value</b>			
<b>As at 31/12/2015</b>	<b>4,037,061</b>	<b>253,729</b>	<b>4,290,790</b>
<b>As at 31/12/2014</b>	<b>3,839,832</b>	<b>392,983</b>	<b>4,232,815</b>

**17. OTHER RECEIVABLES**

	31/12/2015 million VND	31/12/2014 Restated million VND
Construction in progress	5,218,948	4,102,175
Purchases and major repair of fixed assets	2,579,371	2,533,945
External receivables	2,490,062	2,910,832
Internal receivables	511,214	434,285
	<b>10,799,595</b>	<b>9,981,237</b>
<b>Construction in progress</b>		
	31/12/2015 million VND	31/12/2014 million VND
Constructions in the Northern area	4,467,228	3,479,852
Constructions in the Central area	416,177	351,725
Constructions in the Southern area	335,543	270,598
	<b>5,218,948</b>	<b>4,102,175</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***18. OTHER ASSETS**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	<u>million VND</u>	<u>Restated</u>
		<u>million VND</u>
Materials and tools	144,250	159,207
Prepaid expenses (*)	3,208,078	3,207,430
Goodwill (Note 19)	6,352	8,167
Other assets	1,988	4,477
	<u>3,360,668</u>	<u>3,379,281</u>

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

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

**19. GOODWILL**

Goodwill represents business goodwill resulted from the business valuation for equitisation of a subsidiary of the Bank - VietinBank Securities Company (currently known as VietinBank Securities Joint Stock Company).

	<u>31/12/2015</u>	<u>31/12/2014</u>
	<u>million VND</u>	<u>million VND</u>
Total goodwill	18,149	18,149
Amortisation period	10 years	10 years
Accumulated amortised goodwill as at the beginning of the year	(9,982)	(8,167)
Goodwill not yet amortised at the beginning of the year	8,167	9,982
<b>Goodwill decrease during the year</b>	<b>(1,815)</b>	<b>(1,815)</b>
- Goodwill amortised for the year	(1,815)	(1,815)
<b>Total goodwill not yet amortised at the end of the year</b>	<u><b>6,352</b></u>	<u><b>8,167</b></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***20. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Borrowings from the SBV</b>	<b>13,205,353</b>	<b>4,731,118</b>
Loans under credit contracts	3,147,931	1,204,134
Discounting and rediscounting valuable papers (*)	10,039,754	3,499,384
Borrowings for grants to SOEs	12,472	12,472
Other borrowings	5,196	15,128
<b>Current accounts held by the State Treasury</b>	<b>21,762</b>	<b>285</b>
- In VND	158	281
- In foreign currency	21,604	4
	<u><b>13,227,115</b></u>	<u><b>4,731,403</b></u>

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

**21. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS****Placement of other credit institutions**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Demand deposits from other credit institutions</b>	<b>5,196,801</b>	<b>1,527,952</b>
- In VND	2,627,269	840,325
- In foreign currencies	2,569,532	687,627
<b>Term deposits from other credit institutions</b>	<b>38,202,546</b>	<b>40,512,284</b>
- In VND	27,828,501	31,793,234
- In foreign currencies	10,374,045	8,719,050
	<u><b>43,399,347</b></u>	<u><b>42,040,236</b></u>

**Borrowings from other credit institutions**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**22. DEPOSITS FROM CUSTOMERS**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
<b>Demand deposits</b>	<b>71,433,115</b>	<b>62,210,531</b>
- Demand deposits in VND	59,039,033	52,459,324
- Demand deposits in foreign currencies	12,394,082	9,751,207
<b>Term deposits</b>	<b>404,632,198</b>	<b>347,134,294</b>
- Term deposits in VND	374,945,005	321,533,862
- Term deposits in foreign currencies	29,687,193	25,600,432
<b>Deposits for specific purpose</b>	<b>3,061,924</b>	<b>2,164,979</b>
- Deposits for specific purpose in VND	1,218,004	851,876
- Deposits for specific purpose in foreign currencies	1,843,920	1,313,103
<b>Margin deposits</b>	<b>13,832,827</b>	<b>12,671,370</b>
- Margin deposits in VND	13,088,839	10,703,464
- Margin deposits in foreign currencies	743,988	1,967,906
	<u><b>492,960,064</b></u>	<u><b>424,181,174</b></u>

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

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
State-owned enterprises	45,294,680	46,235,872
State-owned one-member limited enterprises	38,472,306	39,797,204
Two or more member limited liability enterprises with more than 50% of the State's share-holding	1,685,370	670,143
Other limited companies	14,788,091	11,197,025
Joint stock companies with more than 50% of the State's share-holding	28,237,783	23,644,871
Other joint stock companies	26,420,395	18,220,195
Partnership companies	41,730	35,901
Private companies	1,095,496	948,468
Foreign invested enterprises	27,358,408	20,254,848
Cooperatives, cooperative unions	410,304	320,069
Household businesses, individuals	277,282,319	236,752,269
Administrative units, the Party, unions and associations	20,947,746	15,593,202
Others	10,925,436	10,511,107
	<u><b>492,960,064</b></u>	<u><b>424,181,174</b></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN

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

## 23. GRANTS, TRUSTED FUNDS AND BORROWINGS AT RISK OF THE CREDIT INSTITUTION

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Funds received from other organisations and individuals in VND	45,282,155	23,557,782
Funds received from other organisations and individuals in foreign currencies	4,524,936	4,128,638
Funds received from international organisations in VND	766,009	733,044
Funds received from international organisations in foreign currencies	3,664,147	3,602,229
	<u>54,237,247</u>	<u>32,021,693</u>

## 24. VALUABLE PAPERS ISSUED

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

## Details of issued valuable papers by term

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***25. OTHER LIABILITIES**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	Restated million VND
Internal payables	2,029,586	1,773,596
External payables	33,436,848	26,849,995
Other provisions	119,176	67,738
Payables relating to bonus and welfare funds	1,244,593	1,125,040
	<u>36,830,203</u>	<u>29,816,369</u>

**25.1 Details of internal payables**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Payables to employees	1,475,064	1,533,720
Others	554,522	239,876
	<u>2,029,586</u>	<u>1,773,596</u>

**25.2 Details of external payables**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	Restated million VND
Payments/receipts on behalf of other organisations	31,213,296	24,681,794
Amount due to customers and deferred payment	44,055	315,624
Corporate income tax payables	155,920	242,155
Other pending payments	933,961	631,128
Fund transfer	13,727	-
Other payables relating to securities activities	303,526	180,389
Other tax payables	83,759	234,331
Payables for insurance of deposit	-	82,539
Payables to the SBV from recovery of written-off bad debts	79,484	75,614
Payables relating to trade finance activities	7,799	10,085
Other payables to other organisations	-	12,692
Money transfer payables	94,118	149,019
Payables to building constructors	80,753	107,063
Other payables	426,450	127,562
	<u>33,436,848</u>	<u>26,849,995</u>

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

	<u>Opening balance</u>	<u>Movement for the year 2015</u>		<u>Closing balance</u>
		<u>Payables</u>	<u>Paid</u>	
	million VND	million VND	million VND	million VND
Value added tax	161,862	183,878	343,605	2,135
Corporate income tax	155,955	1,709,003	1,709,038	155,920
Other taxes	66,568	437,974	429,727	74,815
	<u>384,385</u>	<u>2,330,855</u>	<u>2,482,370</u>	<u>232,870</u>

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

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

Consolidated financial statements  
For the year ended 31 December 2015

FORM B 05/TC/TD-HN

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

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

**27. CAPITAL AND RESERVES**

Movement in major items in owners' equity

	Charter capital	Share premium	Foreign exchange reserves	Investment and development fund	Financial reserve fund	Capital supplementary reserve	Retained earnings	Non-controlling interest	Total
	million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND
As at 01/01/2015 (Restated)	37,234,046	8,974,770	338,463	-	2,888,215	1,457,551	4,140,788	225,271	55,259,104
Profit for the year	-	-	-	-	-	-	5,697,921	18,957	5,716,878
Dividend payment for 2014	-	-	-	-	-	-	(3,723,405)	-	(3,723,405)
Capital increase from share issuance of subsidiaries in the year	-	-	-	-	-	35,811	(35,811)	-	-
Increase from translation of financial statements for consolidation purpose	-	-	103,074	-	333	-	-	-	103,407
Appropriation to reserves for the current year	-	-	-	695	594,063	298,520	(2,098,573)	(1,709)	(1,207,004)
Reclassification of funds	-	-	-	3,729	(3,729)	-	-	-	-
Utilisation of reserves in the year	-	-	-	-	(348)	-	-	-	(348)
Others	-	(38)	-	-	192	-	(38,547)	(93)	(38,486)
<b>As at 31/12/2015</b>	<b>37,234,046</b>	<b>8,974,732</b>	<b>441,537</b>	<b>4,424</b>	<b>3,478,726</b>	<b>1,791,882</b>	<b>3,942,373</b>	<b>242,426</b>	<b>56,110,146</b>

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**27. CAPITAL AND RESERVES (Continued)**

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

	31/12/2015		31/12/2014	
	Total shares (units)	Ordinary shares (million VND)	Total shares (units)	Ordinary shares (million VND)
Capital of the Government	2,400,204,956	24,002,050	2,400,204,956	24,002,050
Contributed capital (shareholders, members)	1,323,199,600	13,231,996	1,323,199,600	13,231,996
Share premium	non-applicable	8,974,732	non-applicable	8,974,770
	<b>3,723,404,556</b>	<b>46,208,778</b>	<b>3,723,404,556</b>	<b>46,208,816</b>

Details of the Bank's shares are as follows:

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

**Basic earnings per share:**

*Earnings for the purpose of calculating basic earnings per share*

	2015 million VND	2014 million VND
Profit after corporate income tax	5,697,921	5,712,883
Appropriation to welfare and bonus for the current year	(1,200,000)	(1,000,000)
<b>Profit for the year attributable to equity holder</b>	<b>4,497,921</b>	<b>4,712,883</b>

*Number of shares for the purpose of calculating basic earnings per share*

	2015 Share	2014 Share
Number of ordinary shares issued carried forward from previous year	3,723,404,556	3,723,404,556
Influence of ordinary shares issued in the year	-	-
<b>Weighted average number of ordinary shares for the purpose of calculating basic earnings shares (share)</b>	<b>3,723,404,556</b>	<b>3,723,404,556</b>

*Earnings per share*

	2015 VND	2014 VND
Basic earnings per share (VND)	1,208	1,266



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

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

	<b>2015</b>	<b>2014</b>
	<b>million VND</b>	<b>Restated million VND</b>
<b>Income from trading foreign currencies</b>	<b>3,033,835</b>	<b>3,308,867</b>
- Income from spot trading foreign currencies	1,631,684	1,616,882
- Income from trading gold	622,842	1,188,659
- Income from trading derivative financial instruments	779,309	503,326
<b>Expense on trading foreign currencies</b>	<b>3,014,068</b>	<b>2,922,259</b>
- Expenses on spot trading foreign currencies	851,493	405,072
- Expenses on trading gold	617,901	1,186,750
- Expense on currency trading derivative financial instruments	1,544,674	1,330,437
<b>Net gain from trading foreign currencies</b>	<b>19,767</b>	<b>386,608</b>

**32. NET GAIN FROM TRADING SECURITIES**

	<b>2015</b>	<b>2014</b>
	<b>million VND</b>	<b>million VND</b>
Income from trading securities held for trading	150,895	199,533
Expense from trading securities held for trading	(1,102)	(3,282)
Provision charged for impairment of securities held	(20,616)	(3,828)
<b>Net gain from securities held for trading</b>	<b>129,177</b>	<b>192,423</b>

**33. NET GAIN/(LOSS) FROM INVESTMENT SECURITIES**

	<b>2015</b>	<b>2014</b>
	<b>million VND</b>	<b>million VND</b>
Income from trading investment securities	196,161	-
Expense for trading investment securities	(10,017)	(29,763)
Provision (charged) for impairment of investment securities (see Note 13)	(133,337)	(123,912)
<b>Net gain/(loss) from trading investment in securities</b>	<b>52,807</b>	<b>(153,675)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**34. NET PROFIT FROM OTHER ACTIVITIES**

	<b>2015</b>	<b>2014</b>
	<b>million VND</b>	<b>Restated million VND</b>
<b>Other operating income</b>	<b>4,108,124</b>	<b>3,744,115</b>
Income from recovery of bad debts	2,618,092	1,204,239
Income from transfer, disposals of assets (*)	42,298	2,108,598
Income from other derivatives	936,562	174,943
Other income	511,172	256,335
<b>Other operating expenses</b>	<b>1,905,838</b>	<b>2,346,199</b>
Expenses from other derivatives	1,044,392	192,586
Expenses from transfer disposals of assets (*)	18,308	1,143,761
Other expenses	843,138	1,009,852
<b>Net gain from other activities</b>	<b>2,202,286</b>	<b>1,397,916</b>

(\*): Income and expenses from transfer, disposals of assets in the year 2014 mainly comprise those arising under transactions on transfer of the Bank's office.

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

	<b>2015</b>	<b>2014</b>
	<b>million VND</b>	<b>million VND</b>
<b>Dividend in cash from capital contribution, equity investments</b>	<b>29,589</b>	<b>18,872</b>
- from equity investment securities	2,654	1,995
- from other long-term investments	26,935	16,877
<b>Share from net profit under equity method of investments in joint ventures</b>	<b>11,371</b>	<b>147,512</b>
	<b>40,960</b>	<b>166,384</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**36. OPERATING EXPENSES**

	<b>2015</b>	<b>2014</b>
	<b>million VND</b>	<b>Restated million VND</b>
<b>Taxes, fees and charges</b>	<b>74,570</b>	<b>44,028</b>
<b>Staff cost</b>		
- Salaries and allowances	4,725,164	4,498,437
- Salary-based expenses	271,371	276,645
- Other benefits	43,140	47,979
- Other expenses	452,474	234,559
<b>Expenses for fixed assets</b>		
- Depreciation and amortisation expense	927,251	992,917
- Others	1,117,926	984,516
<b>Expenses for operating management</b>		
- Per diem	173,451	152,209
- Expense for union activities	25,700	17,859
- Others	2,499,702	2,233,145
<b>Insurance premium for customers' deposits</b>	<b>268,409</b>	<b>312,672</b>
<b>Other provision expenses</b>	<b>140,299</b>	<b>9,530</b>
	<b>10,719,457</b>	<b>9,804,496</b>

**37. CORPORATE INCOME TAX ("CIT") EXPENSES**

	<b>2015</b>	<b>2014</b>
	<b>million VND</b>	<b>Restated million VND</b>
<b>Profit before tax</b>	<b>7,345,441</b>	<b>7,303,461</b>
<i>Adjustments for:</i>		
- Non-taxable dividend income	(11,603)	(12,472)
- Profit before tax of subsidiaries	(390,903)	(284,999)
- Income from increase in interest in joint ventures	(11,371)	(147,512)
- Movement in general provision for credit losses of loans for consolidation	(127)	337
- Reversal of provision for debt securities	-	(104,623)
- Others	53,978	59,346
<b>Taxable income of the Holding Bank</b>	<b>6,985,415</b>	<b>6,813,538</b>
CIT expense of the Holding Bank on local taxable income	1,536,791	1,498,978
CIT expense of the Bank on overseas taxable income	8,635	12,726
CIT expense of subsidiaries	83,137	63,877
<b>CIT expense on taxable income</b>	<b>1,628,563</b>	<b>1,575,581</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**38. CASH AND CASH EQUIVALENTS**

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

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Cash, gold and gemstones (*)	5,090,768	4,630,740
Balances with the State Bank of Vietnam (*)	11,892,969	9,876,451
Current deposits at other credit institutions (*)	15,685,526	12,926,088
Placements with and loans to other credit institutions with terms not exceeding 3 months	48,213,459	53,631,369
Securities with maturity or recovery term not exceeding 3 months from the date of purchase	-	6,000,000
	<u>80,882,722</u>	<u>87,064,648</u>

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

**39. EMPLOYEES' REMUNERATIONS**

	<u>2015</u>	<u>2014</u>
<b>I. Total number of employees (person) (*)</b>	<b>21,024</b>	<b>19,787</b>
<b>II. Employees' income (million VND)</b>		
1. Total salary fund	4,725,164	4,498,437
2. Bonus	-	-
3. Other allowances	145,943	140,328
4. Total income (1+2+3)	<u>4,871,107</u>	<u>4,638,765</u>
5. Average monthly salary (**)	<u>19.38</u>	<u>19.09</u>
6. Average monthly income (**)	<u>19.98</u>	<u>19.69</u>

(\*) Figures as at 31 December.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**40. 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 (million VND)</b>	
	<b>31/12/2015</b>	<b>31/12/2014</b>
Real estate	573,334,087	479,034,313
Movable assets	40,871,174	29,518,139
Valuable papers	109,954,562	64,205,314
Other assets	345,878,561	266,837,457
	<b>1,070,038,384</b>	<b>839,595,223</b>

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

As at 31 December 2015, the Bank did not hold any collateral which the Bank is permitted to sell or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debt according to the law.

**41. CONTINGENT LIABILITIES AND COMMITMENTS**

In normal course of business, the Bank uses financial instruments which are related to off-consolidated 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**41. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)**

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 31 December 2015:**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	Restated million VND
<b>Contingent liabilities</b>	<b>67,035,503</b>	<b>54,112,547</b>
Credit guarantees	5,338,188	2,496,147
Letters of Credit	29,551,935	29,742,703
Other guarantees	32,145,380	21,873,697
<b>Commitments</b>	<b>95,634,299</b>	<b>88,754,518</b>
Foreign exchange transactions commitments	65,296,692	62,361,790
Other commitments	30,337,607	26,392,728

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

**42. RISK-FREE TRUST AND AGENCY ACTIVITIES**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Trusted fund from organisations	8,200,424	7,114,158
	<u>8,200,424</u>	<u>7,114,158</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**43. RELATED PARTY TRANSACTIONS AND BALANCES**

During the course of operations, the Bank had deposits, borrowings and other transactions with its related parties.

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

<b>Related parties</b>	<b>Relationship</b>	<b>Transactions</b>	<b>2015</b>
			<b>million VND</b>
The State Bank of Vietnam	Direct owner and management	Increase in deposits at the SBV	2,016,518
The State Bank of Vietnam	Direct owner and management	Increase in borrowings from the SBV	8,474,235
Indovina Bank Ltd.	Joint venture	Decrease in deposits at Indovina	(455,749)
Vietinbank Aviva Life Insurance Company Ltd.	Joint venture	Increase in deposits from Aviva	73,888

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

<b>Related parties</b>	<b>Relationship</b>	<b>Transactions</b>	<b>Receivables</b>	<b>Payables</b>
			<b>million VND</b>	<b>million VND</b>
The State Bank of Vietnam	Direct owner and management	Demand deposits and compulsory reserves	11,892,969	-
The State Bank of Vietnam	Direct owner and management	Borrowings	-	13,205,353
Indovina Bank Ltd.	Joint venture	Deposits from Indovina	-	2,918,912
Vietinbank Aviva Life Insurance Company Ltd.	Joint venture	Deposits from Aviva	-	194,810

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

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

As at 31 December 2015:

	<b>Total loan balance</b>	<b>Total placements (assets)</b>	<b>Total deposits (liabilities)</b>	<b>Credit commitments</b>	<b>Derivatives (Difference between debit - credit)</b>	<b>Trading and investment securities (Difference between debit - credit)</b>
	<b>million VND</b>	<b>million VND</b>	<b>million VND</b>	<b>million VND</b>	<b>million VND</b>	<b>million VND</b>
Domestic	535,805,474	74,344,582	533,257,033	66,952,476	(117,619)	125,242,343
Overseas	3,907,769	1,933,762	3,124,140	83,027	-	-
	<b>539,713,243</b>	<b>76,278,344</b>	<b>536,381,173</b>	<b>67,035,503</b>	<b>(117,619)</b>	<b>125,242,343</b>

**45. SEGMENT REPORT**

A business segment is a distinguishable component of the Bank that is engaged in providing services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Bank that is engaged in providing services and that is subject to risks and returns that are different from those of components operating in other economic environments.

Primary segment report of Vietinbank is divided by business; secondary segment report of Vietinbank is divided by geography.

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**45. SEGMENT REPORT (Continued)**

Business segment report

NO. ITEMS	Banking financial services		Non-banking financial services		Others		Off-set		Total	
	million VND		million VND		million VND		million VND		million VND	
<b>I. Income</b>	<b>50,935,212</b>	<b>972,353</b>	<b>981,747</b>	<b>(186,403)</b>	<b>52,702,909</b>					
1. Interest and similar income	42,148,284	294,210	82,168	(52,931)	42,471,731					
- <i>External interest and similar income</i>	42,128,661	280,835	62,235	-	42,471,731					
- <i>Internal interest and similar income</i>	19,623	13,375	19,933	(52,931)	-					
2. Income from services	2,074,209	608,616	101,501	(133,463)	2,650,863					
3. Other income	6,712,719	69,527	798,078	(9)	7,580,315					
<b>II. Expenses</b>	<b>(39,267,036)</b>	<b>(721,463)</b>	<b>(876,386)</b>	<b>186,403</b>	<b>(40,678,482)</b>					
1. Interest and similar expenses	(23,660,925)	(24,547)	(205)	52,931	(23,632,746)					
- <i>External interest and similar expenses</i>	(23,628,866)	(3,675)	(205)	-	(23,632,746)					
- <i>Internal interest and similar expenses</i>	(32,059)	(20,872)	-	52,931	-					
2. Depreciation and amortisation expenses	(916,489)	(5,809)	(4,953)	-	(927,251)					
3. Expenses related to operating business	(14,689,622)	(691,107)	(871,228)	133,472	(16,118,485)					
<b>Net profit from operating activities before credit provision expenses</b>	<b>11,668,176</b>	<b>250,890</b>	<b>105,361</b>	<b>-</b>	<b>12,024,427</b>					
<b>Provision expenses for credit losses</b>	<b>(4,660,246)</b>	<b>(18,438)</b>	<b>(302)</b>	<b>-</b>	<b>(4,678,986)</b>					
<b>Segment profit before tax</b>	<b>7,007,930</b>	<b>232,452</b>	<b>105,059</b>	<b>-</b>	<b>7,345,441</b>					
Current corporate income tax expense	(1,558,094)	(50,183)	(20,286)	-	(1,628,563)					
<b>Segment profit after corporate income tax</b>	<b>5,449,836</b>	<b>182,269</b>	<b>84,773</b>	<b>-</b>	<b>5,716,878</b>					
<b>III. Assets</b>	<b>781,603,409</b>	<b>4,026,167</b>	<b>1,652,857</b>	<b>(7,798,946)</b>	<b>779,483,487</b>					
1. Cash on hand	5,039,404	4,406	46,958	-	5,090,768					
2. Fixed assets	8,521,950	97,551	46,266	-	8,665,767					
3. Other assets	768,042,055	3,924,210	1,559,633	(7,798,946)	765,726,952					
<b>IV. Liabilities</b>	<b>725,437,856</b>	<b>1,326,566</b>	<b>348,174</b>	<b>(3,739,255)</b>	<b>723,373,341</b>					
1. External liabilities	722,510,828	998,550	329,039	(3,739,255)	720,099,162					
2. Internal liabilities	2,927,028	328,016	19,135	-	3,274,179					

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**45. SEGMENT REPORT (Continued)**

**Geographical segment report**

NO. ITEMS	Northern (*)	Southern	Others	Off-set	Total
	million VND	million VND	million VND	million VND	million VND
<b>I. Segment profit before tax</b>	<b>3,223,918</b>	<b>3,095,179</b>	<b>1,026,344</b>	<b>-</b>	<b>7,345,441</b>
Current corporate income tax expense	(1,609,234)	(507)	(18,822)	-	(1,628,563)
<b>II. Segment profit after corporate income tax</b>	<b>1,614,684</b>	<b>3,094,672</b>	<b>1,007,522</b>	<b>-</b>	<b>5,716,878</b>
<b>III. Segment assets</b>	<b>500,138,344</b>	<b>230,748,244</b>	<b>56,395,845</b>	<b>(7,798,946)</b>	<b>779,483,487</b>
<b>IV. Segment liabilities</b>	<b>445,854,245</b>	<b>226,977,882</b>	<b>54,280,469</b>	<b>(3,739,255)</b>	<b>723,373,341</b>

(\*) As at 31 December 2015, the Head Office in Northern region calculated and paid corporate income tax for all Bank's branches.

**46. FINANCIAL INSTRUMENTS**

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

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

**Financial assets**

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

Financial assets within the scope of Circular 210 are properly classified, for disclosures in the consolidated 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) 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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
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**46. FINANCIAL INSTRUMENTS (Continued)**

**Financial assets (Continued)**

- ✓ 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.

- *Held-to-maturity investments:*

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

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

- *Loans and receivables:*

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

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

- *Available-for-sale financial assets:*

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

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

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**46. 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 consolidated 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 consolidated 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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
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**46. FINANCIAL INSTRUMENTS (Continued)**

**The risk management policy related to financial instruments (Continued)**

In 2015, the Bank has continued to implement sub-projects on fund management, risk management within the Basel II Project in order to comprehensively enhance the risk management system as described in Basel II.

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

The activities related to the Bank's financial instruments including foreign exchange trading products, gold trading, cross currency swaps, interest rate swaps etc. mainly serve the demands of corporate customers in the preferential and key sectors and corporate and individual customers that have strong financial conditions. In addition, to ensure management of liquidity risk, interest rate risk as well as profit maximization, in the year 2015, the Bank has enhanced the investment in highly liquid assets such as Credit Institution bonds with more attractive interest rate but not much riskier than Government bonds and Government Treasury bills as newly invested bonds are guaranteed by the Government.

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

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

**Credit risk management:** Management activities of credit risk of the Banks are deployed through standardized models to organize, create and establish risk control limits based on the risk appetite of the Board of Directors, consistent with the business strategy in each period, ensuring secure and sustainable growth targets. Planning activities are standardized in order to appropriately combine growth and risk management. The mechanism and policies system related to activities of credit risk management is standardized under 05 document levels. The Bank is one of the first banks to implement credit risk measuring models under Basel II standards (according to the statistical analysis method) in replacement to the internal credit ratings system (according to expert method previously) and apply in credit approval, loan pricing and efficient customer management. Information technology infrastructure is a priority of investment, to make sure scoring of credit ratings, loan initialising, collateral management, extraction of credit portfolio management information, early warning are performed automatically, with operational errors, processing time reduced and the quality of information improved.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
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**46. FINANCIAL INSTRUMENTS (Continued)**

**The risk management policy related to 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 one of the most modern ones, for automatic management of fund under the Straight Through System. The reporting system measure and monitor the risks to ensure complete express of profit to market value, risk measurement to each product/transaction counter and monitoring mechanism of delegation in capital business. On that basis, currency risk reports are periodically sent to the managers and transaction unit to support in decision making process to ensure secure and effective operation.

The policies on currency risk, interest rate risk, credit risk and liquidity risk are analysed in details in Notes 47, 48, 49 and 50.

**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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**46. FINANCIAL INSTRUMENTS (Continued)**

	Carrying value (Excluding provisions)		Fair value	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	million VND	Restated million VND	million VND	Restated million VND
<b>Financial assets</b>				
Cash, gold and gemstones	5,090,768	4,630,740	5,090,768	4,630,740
Balances with the State Bank of Vietnam	11,892,969	9,876,451	11,892,969	9,876,451
Placements with and loans to other credit institutions	66,018,789	75,433,624	(*)	(*)
Trading securities - Equity securities with market price reference	161,502	37,738	135,498	33,550
Trading securities - Equity securities without market price reference	11,830	21,285	(*)	(*)
Trading securities - Debt securities	3,200,074	3,595,310	(*)	(*)
Loans to customers	538,079,829	439,869,027	(*)	(*)
Investment securities - Equity securities with market price reference	274,036	44,023	211,872	25,132
Investment securities - Debt securities	121,594,901	94,003,797	(*)	(*)
Other long-term investments	1,131,164	1,030,326	(*)	(*)
Other receivables	1,098,294	1,530,566	(*)	(*)
Interest and fee receivables	12,863,853	12,706,353	(*)	(*)
Other assets	1,320	1,210	(*)	(*)
	<b>761,419,329</b>	<b>642,780,450</b>		
<b>Financial liabilities</b>				
Borrowings from the Government and the SBV	13,227,115	4,731,403	(*)	(*)
Deposits and borrowings from other credit institutions	99,169,216	103,769,865	(*)	(*)
Deposits from customers	492,960,064	424,181,174	(*)	(*)
Derivative financial instruments and other financial liabilities	117,619	415,778	(*)	(*)
Grants, trusted funds and borrowings at risk of the credit institution	54,237,247	32,021,693	(*)	(*)
Valuable papers issued	20,860,497	5,294,073	(*)	(*)
Accrued fee and interest expenses	5,971,380	5,752,268	(*)	(*)
Other payables and liabilities	33,145,285	26,250,620	(*)	(*)
	<b>719,688,423</b>	<b>602,416,874</b>		

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**46. FINANCIAL INSTRUMENTS (Continued)**

**Classification of financial assets as at 31 December 2015:**

	Financial assets				Total million VND
	Held-for- trading million VND	Held-to- maturity million VND	Loans and receivables million VND	Available-for- sale million VND	
Cash, gold and gemstones	5,090,768	-	-	-	5,090,768
Balances with the State Bank of Vietnam	11,892,969	-	-	-	11,892,969
Placements with and loans to other credit institutions	-	-	66,018,789	-	66,018,789
Trading securities	3,373,406	-	-	-	3,373,406
Loans to customers	-	-	538,079,829	-	538,079,829
Investment securities	-	12,928,649	-	108,940,288	121,868,937
Other long-term investments	-	-	-	1,131,164	1,131,164
Other receivables	-	-	1,098,294	-	1,098,294
Interest and fee receivables	-	-	12,863,853	-	12,863,853
Other assets	-	-	1,320	-	1,320
	<b>20,357,143</b>	<b>12,928,649</b>	<b>618,062,085</b>	<b>110,071,452</b>	<b>761,419,329</b>

**Classification of financial liabilities as at 31 December 2015:**

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

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**47. CURRENCY RISK**

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

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

The Bank is exposed to the following risks:

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

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

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

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

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

*For investment activities:*

The Bank faces currency risk with regards to its investment in Indovina Bank Ltd. and the investment in the establishment of new branches in Germany and Laos. Currency risk for these investments is closely monitored by the Bank through the analysis and forecast of changes in exchange rates of these currencies against VND.

*For foreign currency trading activities:*

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

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

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

**47. CURRENCY RISK (Continued)**

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

ITEMS	EUR		USD equivalent		VND		Other currencies		Total
	equivalent million VND	million VND	million VND	million VND	million VND	million VND	equivalent million VND	million VND	
<b>Assets</b>									
Cash, gold and gemstones	92,584	591,668	4,392,024	14,492	5,090,768				
Balances with the State Bank of Vietnam	-	3,106,492	8,786,477	-	11,892,969				
Placements with and loans to other credit institutions (*)	2,827,972	41,606,173	21,032,254	552,390	66,018,789				
Trading securities (*)	-	-	3,373,406	-	3,373,406				
Loans to customers (*)	1,528,480	62,182,566	474,368,783	-	538,079,829				
Investment securities (*)	-	-	121,868,937	-	121,868,937				
Long-term investments (*)	-	2,464,219	1,449,790	-	3,914,009				
Fixed assets	72,596	-	8,593,171	-	8,665,767				
Other assets (*)	961,044	826,284	25,236,788	-	27,024,116				
<b>Total assets</b>	<b>5,482,676</b>	<b>110,777,402</b>	<b>669,101,630</b>	<b>566,882</b>	<b>785,928,590</b>				
<b>Liabilities and owners' equity</b>									
Borrowings from the Government and the SBV	-	5,196	13,221,919	-	13,227,115				
Deposits and borrowings from other credit institutions	488,189	54,845,283	43,545,770	289,974	99,169,216				
Deposits from customers	8,674,524	35,943,146	448,290,881	51,513	492,960,064				
Derivative financial instruments and other financial liabilities	-	117,619	-	-	117,619				
Grants, trusted funds and borrowings at risk of the credit institution	205,490	7,983,593	46,048,164	-	54,237,247				
Valuable papers issued	-	5,458,860	15,401,637	-	20,860,497				
Other liabilities (*)	1,784,967	1,039,422	39,858,018	-	42,682,407				
Capital and reserves	-	-	56,110,146	-	56,110,146				
<b>Total liabilities and owners' equity</b>	<b>11,153,170</b>	<b>105,393,119</b>	<b>662,476,535</b>	<b>341,487</b>	<b>779,364,311</b>				
<b>Balance sheet currency position</b>	<b>(5,670,494)</b>	<b>5,384,283</b>	<b>6,625,095</b>	<b>225,395</b>	<b>6,564,279</b>				

(\*) Excluding risk provision.

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

- Cash, gold and gemstones; long-term investments and other assets (including fixed assets, investment properties and other assets) are classified as non-interest-bearing items;
- Balances with the SBV are considered settlement deposits, thus the effective interest rate re-pricing term is assumed to be within one month;
- The effective interest rate re-pricing term of trading securities is determined based on the contractual re-pricing term or the re-pricing term in accordance with the regulation on the maximum holding period of the Bank, whichever comes earlier;
- The effective interest rate re-pricing term of placements with and loans to other credit institutions; investment securities; loans to customers; borrowings from the Government and the SBV; deposits and borrowings from other credit institutions; deposits from customers, valuable papers issued, grants, trusted fund and borrowing at risk of the credit institution is determined as follows:
  - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined from the balance sheet date to maturity date;
  - Items with floating interest rate: the effective interest rate re-pricing term is determined from the balance sheet date to the nearest interest rate re-pricing date.

***The Bank's interest rate risk policies***

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

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

*The Bank's interest rate risk policies (Continued):*

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

*Interest rate risk management*

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

*Interest rate risk management at portfolio level*

- The Bank has been implementing the completed systems of the rules, regulations and procedures of interest rate management in the Bank in accordance with international rules and Basel II regulations; implementing interest rate management under "3 control stages" rule.
- The Bank completed the design, officially applied and continuously upgraded the software system of Assets-Liabilities Management (ALM), which runs to the transaction level under international practices, automatically provides reports of term differences, revaluation under nominal term and behaviour, scenarios analysis reports on interest rate increase/decrease situation, etc. in order to facilitate the Bank's interest rate management activities.
- Re-pricing terms of all loans are required to be adjusted based on the re-pricing terms of funds mobilised and are controlled within established limits by the Bank.

*Interest Rate Management at transaction level*

- All credit contracts are required to include terms relating to interest rate risk prevention to ensure that the Bank can hold initiative in coping with fluctuations of the market, lending interest rate must reflect the Bank's actual funding cost;
- Management through the Fund Transfer Pricing (FTP) system: The Bank completed stage 2 of internal fund transfer pricing system - FTP, which enhanced the Bank's capital and interest management; the Bank also completed stage 2 of ALM system project of managing assets-liabilities for creating standardised data source and effective measures and control for the Bank's capital and interest management. Depending on the orientation of the Bank and the market movements, the Head Office can change the fund price for each type of customers or products, etc. to give signals for the business units to determine their lending/fund mobilisation rates.

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

*Interest rate sensitivity*

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

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**VIETNAM JOINT STOCK COMMERCIAL BANK  
FOR INDUSTRY AND TRADE**  
108 Tran Hung Dao, Hoan Kiem  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

31/12/2015	Non-interest bearing million VND	Overdue					Current					Total million VND		
		Over 3 months		Within 3 months		Within 1 month	From 1 to 3 months		From 3 to 6 months		From 6 to 12 months		From 1 to 5 years	
		million VND	million VND	million VND	million VND		million VND	million VND	million VND	million VND			million VND	million VND
<b>Assets</b>														
Cash, gold and gemstones	5,090,768	-	-	-	-	-	-	-	-	-	-	-	5,090,768	
Balances with the State Bank of Vietnam	-	-	-	11,892,969	-	-	-	-	-	-	-	-	11,892,969	
Placements with and loans to other credit institutions (*)	-	-	-	55,269,789	10,361,900	-	-	-	-	387,100	-	-	66,018,789	
Trading securities (*)	-	-	-	3,373,406	-	-	-	-	-	-	-	-	3,373,406	
Loans to customers (*)	-	4,942,240	3,211,051	368,192,959	109,164,867	47,693,388	2,490,655	2,384,669	2,384,669	2,490,655	121,868,937	538,079,829		
Investment securities (*)	274,036	-	-	14,019,409	26,367,833	3,919,611	25,807,374	38,247,323	13,233,351	38,247,323	3,914,009	121,868,937		
Long-term investments (*)	3,914,009	-	-	-	-	-	-	-	-	-	-	-	3,914,009	
Fixed assets	8,665,767	-	-	-	-	-	-	-	-	-	-	-	8,665,767	
Other assets (*)	27,024,116	-	-	-	-	-	-	-	-	-	-	-	27,024,116	
<b>Total assets</b>	<b>44,968,696</b>	<b>4,942,240</b>	<b>3,211,051</b>	<b>452,748,532</b>	<b>145,894,600</b>	<b>51,612,999</b>	<b>28,685,129</b>	<b>40,631,992</b>	<b>13,233,351</b>	<b>28,685,129</b>	<b>40,631,992</b>	<b>13,233,351</b>	<b>785,928,590</b>	
<b>Liabilities</b>														
Borrowings from the Government and the SBV	-	-	-	7,013,061	3,599,556	568,148	1,800,778	222,562	23,210	1,800,778	222,562	23,210	13,227,115	
Deposits and borrowings from other credit institutions	-	-	-	58,850,751	27,845,042	11,180,956	1,292,467	-	-	1,292,467	-	-	99,169,216	
Deposits from customers	-	-	-	123,240,016	133,099,217	56,197,447	131,127,377	49,296,007	-	131,127,377	49,296,007	-	492,960,064	
Derivative financial instruments and other financial liabilities	117,619	-	-	-	-	-	-	-	-	-	-	-	117,619	
Grants, trusted funds and borrowings at risk of the credit institutions	-	-	-	24,581,940	4,892,448	22,678,030	2,015,752	69,077	-	2,015,752	69,077	-	54,237,247	
Valuable papers issued	-	-	-	2,851,681	1,745,322	5,651,992	1,638,601	5,472,901	3,500,000	1,638,601	5,472,901	3,500,000	20,860,497	
Other liabilities (*)	42,682,407	-	-	-	-	-	-	-	-	-	-	-	42,682,407	
<b>Total liabilities</b>	<b>42,800,026</b>	<b>-</b>	<b>-</b>	<b>216,537,449</b>	<b>171,181,585</b>	<b>96,276,573</b>	<b>137,874,975</b>	<b>55,060,347</b>	<b>3,523,210</b>	<b>137,874,975</b>	<b>55,060,347</b>	<b>3,523,210</b>	<b>723,254,165</b>	
<b>Balance sheet net interest gap</b>	<b>2,168,670</b>	<b>4,942,240</b>	<b>3,211,051</b>	<b>236,211,083</b>	<b>(25,286,985)</b>	<b>(44,663,574)</b>	<b>(109,189,846)</b>	<b>(14,428,355)</b>	<b>9,710,141</b>	<b>(14,428,355)</b>	<b>(14,428,355)</b>	<b>9,710,141</b>	<b>62,674,425</b>	

(\*) Excluding risk provision.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**49. CREDIT RISK**

Credit risk is the risk that results in the Bank's loss because its customer or counterparties default on their contractual obligations or fail to fulfill 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 limits is established for each counterparty based on its risk rating assigned by the credit rating system. Risk rating is subject to regular assessment.

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

**Financial assets overdue but not impaired**

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

	<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	483,508	79,250	166,055	1,215,464

The Bank is currently holding collaterals in the forms of real estate, movable assets, valuable papers and others in kind for the above financial assets. For the purpose of determining whether the assets are impaired and any provision is needed in accordance with Vietnamese Accounting Standards, these assets' values are measured in accordance with Circular 02 and Circular 09 (see Note 40).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**50. 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
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**50. LIQUIDITY RISK (Continued)**

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

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

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

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

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

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

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

108 Tran Hung Dao, Hoan Kiem  
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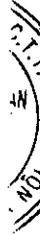
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**50. LIQUIDITY RISK (Continued)**

	Overdue		Current				Total million VND
	Over 3 months million VND	Within 3 months million VND	Within 1 month million VND	From 1 to 3 months million VND	From 3 to 12 months million VND	From 1 to 5 years million VND	
<b>Assets</b>							
Cash, gold and gemstones	-	-	5,090,768	-	-	-	5,090,768
Balances with the State Bank of Vietnam	-	-	11,892,969	-	-	-	11,892,969
Placements with and loans to other credit institutions (*)	-	-	54,268,789	10,361,900	1,388,100	-	66,018,789
Trading securities (*)	-	-	3,373,406	-	-	-	3,373,406
Loans to customers (*)	4,942,240	3,211,051	79,488,981	129,832,002	206,671,350	90,087,511	538,079,829
Investment securities (*)	-	-	2,734,842	2,783,823	9,121,660	79,825,956	121,868,937
Long-term investments (*)	-	-	-	-	-	-	3,914,009
Fixed assets	-	-	-	-	-	-	8,665,767
Other assets (*)	-	-	-	-	-	-	27,024,116
<b>Total assets</b>	<b>4,942,240</b>	<b>3,211,051</b>	<b>156,849,755</b>	<b>142,977,725</b>	<b>217,181,110</b>	<b>169,913,467</b>	<b>785,928,590</b>
<b>Liabilities</b>							
Borrowings from the Government and the SBV	-	-	7,013,061	3,599,556	2,368,926	222,362	13,227,115
Deposits and borrowings from other credit institutions	-	-	52,781,498	24,592,804	15,135,018	6,319,806	99,169,216
Deposits from customers	-	-	123,240,016	133,099,217	187,324,824	49,296,007	492,960,064
Derivative financial instruments and other financial liabilities	-	-	117,619	-	-	-	117,619
Grants, trusted funds and borrowings at risk of the credit institution	-	-	24,581,941	4,892,448	20,344,069	1,682,539	54,237,247
Valuable papers issued	-	-	2,851,681	1,745,322	2,790,593	5,472,901	20,860,497
Other liabilities (*)	-	-	991,594	1,183,514	4,829,237	23,411,340	42,682,407
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>211,577,410</b>	<b>169,112,861</b>	<b>232,792,667</b>	<b>86,404,955</b>	<b>723,254,165</b>
<b>Net liquidity difference</b>	<b>4,942,240</b>	<b>3,211,051</b>	<b>(54,727,655)</b>	<b>(26,135,136)</b>	<b>(15,611,557)</b>	<b>83,508,512</b>	<b>62,674,425</b>

(\*) Excluding risk provision.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
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**51. CAPITAL AND OPERATING LEASE COMMITMENTS**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	million VND	million VND
Capital commitments: office construction and equipment acquisition	468,667	481,114
Irrevocable operating lease commitments	<u>504,307</u>	<u>773,674</u>
Of which:		
- due within one year	119,663	168,437
- due from two to five years	172,994	355,578
- due after five years	211,650	249,659

**52. CONTINGENT LIABILITIES**

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

**53. OTHER COMMITMENT**

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

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**54. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AT BALANCE SHEET DATE**

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
USD	21,890	21,246
EUR	24,560	25,908
GBP	33,303	33,210
CHF	22,695	21,548
JPY	186.61	178.32
SGD	15,893	16,137
CAD	16,193	18,389
AUD	16,401	17,459
NZD	15,390	16,711
THB	612.78	638.42
SEK	2,672	2,762
NOK	2,560	2,878
DKK	3,292	3,480
HKD	2,899	2,749
CNY	3,451	3,426
KRW	19.13	19.60
LAK	2.76	2.62
MYR	5,238	6,100

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
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**55. COMPARATIVE FIGURES**

**55.1 Adjustments/Restatement of opening balance and the bases of adjustments**

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

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

Consolidated balance sheet items	Previously presented in the consolidated financial statements for the year ended 31 December 2014	Adjustment	Represented in the consolidated financial statements for the year ended 31 December 2015
	million VND	million VND	million VND
Provisions for credit losses of loans to customers	(4,345,948)	(20,554)	(4,366,502)
Provisions for impairment of long-term investments	(89,164)	2,212	(86,952)
Accumulated depreciation - Tangible	(4,652,102)	358	(4,651,744)
Cost - Intangible assets	4,851,812	22,819	4,874,631
Accumulated amortisation -	(641,277)	(539)	(641,816)
Other receivables	9,877,588	103,649	9,981,237
Interest and fee receivables	12,706,283	70	12,706,353
Other assets	3,376,800	2,481	3,379,281
Provisions for impairment of other balance sheet assets	(2,355)	(358)	(2,713)
Accrued fee and interest expenses	5,749,315	2,953	5,752,268
Other payables and liabilities	29,662,391	86,240	29,748,631
Other provisions	67,719	19	67,738
Reserves	4,250,372	95,394	4,345,766
Retained earnings	4,215,157	(74,369)	4,140,788
Non-controlling interests	225,370	(99)	225,271

Off-consolidated balance sheet items	Previously presented in the consolidated financial statements for the year ended 31 December 2014	Adjustment	Represented in the consolidated financial statements for the year ended 31 December 2015
	million VND	million VND	million VND
Other guarantees	21,884,106	(10,409)	21,873,697

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
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**55. COMPARATIVE FIGURES (Continued)**

**55.1 Adjustments/Restatement of opening balance and the bases of adjustments (Continued)**

Consolidated income statements item	Previously presented in the consolidated financial statements for the year ended 31 December 2014	Adjustment	Represented in the consolidated financial statements for the year ended 31 December 2015
	million VND	million VND	million VND
Interest and similar income (*)	41,075,588	281,423	41,357,011
Interest and similar expenses	(23,495,402)	507	(23,494,895)
Income from services (*)	2,404,468	(286,982)	2,117,486
Expenses on services	(936,683)	(1,942)	(938,625)
Net gain from trading foreign currencies	386,539	69	386,608
Other operating income	3,742,898	1,217	3,744,115
Other operating expenses	(2,351,412)	5,213	(2,346,199)
Operating expenses	(9,826,686)	22,190	(9,804,496)
Provision expenses for credit losses	(3,901,965)	(20,711)	(3,922,676)
Current corporate income tax expenses	(1,575,269)	(312)	(1,575,581)
Non-controlling interests	15,096	(99)	14,997

(\*) Including an amount of VND 286,658 million of income from guarantee services which is reclassified from "Income from services" to "Interest and similar income" according to Circular No.49/2014/TT-NHNN effective from 15 February 2015.

Consolidated cashflow statement items	Previously presented in the consolidated financial statements for the year ended 31 December 2014	Adjustment	Represented in the consolidated financial statements for the year ended 31 December 2015
	million VND	million VND	million VND
Interest and similar income received (*)	38,409,812	286,658	38,696,470
Service income received (*)	1,449,458	(286,658)	1,162,800
Receipts from debts written-off or paid off by risk fund	1,203,022	1,217	1,204,239
Payments to employees and for operating management	(9,174,208)	22,739	(9,151,469)
(Decrease)/Increase in other operating liabilities	5,770,296	(1,217)	5,769,079
Acquisition of fixed assets	(3,205,082)	(22,739)	(3,227,821)

(\*) Including an amount of VND 286,658 million of income from guarantee services which is reclassified from "Service income received" to "Interest and similar income received" according to Circular No. 49/2014/TT-NHNN effective from 15 February 2015.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**55. COMPARATIVE FIGURES (Continued)**

**55.2 Presentation and reclassification under the guidance of Circular 49**

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

Off-consolidated balance sheet items	Previously presented in the consolidated financial statements for the year ended 31 December 2014 million VND	Represented in the consolidated financial statements for the year ended 31 December 2015 million VND	Reason
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	

Preparer *le*

Approver



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Chief Accountant

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21 March 2016