



# TABLE OF CONTENTS

<b>04</b>	<b>MESSAGE FROM THE CHAIRMAN</b>
<b>07</b>	<b>VIETINBANK AT A GLANCE</b>
	<ul style="list-style-type: none"> <li>1. General Information</li> <li>2. History of the Bank</li> <li>3. 2014 Activities Highlights</li> <li>4. Awards and Accolades (2014)</li> <li>5. Scope of Business and Branch Network</li> <li>6. Vision, Mission, Core Values, Business Philosophy</li> <li>7. Organizational Structure &amp; Corporate Governance Model</li> <li>8. Subsidiaries and Associated Companies</li> <li>9. Key Financial Indicators</li> <li>10. Development Plan</li> <li>11. Risk Factors</li> </ul>
<b>20</b>	<b>2014 PERFORMANCE REVIEW</b>
	<ul style="list-style-type: none"> <li>1. 2014 Performance Review</li> <li>2. 2014 Financial Highlights</li> <li>3. Shareholding Statistics</li> <li>4. List of Shareholders with Restricted Shares Transfer</li> <li>5. Investment and Projects Executed in 2014</li> </ul>
<b>34</b>	<b>REPORT OF THE BOARD OF MANAGEMENT</b>
	<ul style="list-style-type: none"> <li>1. Performance Review</li> <li>2. Financial Highlights</li> <li>3. Restructuring, Renewal and Improvement of Supporting Activities</li> <li>4. 2015 Development Plan</li> </ul>
<b>46</b>	<b>EVALUATION OF THE BOARD OF DIRECTORS</b>
	<ul style="list-style-type: none"> <li>1. Evaluation of the Board on the Bank's Performance</li> <li>2. Performance Evaluation on the Board of Management</li> <li>3. Future Plans and Directions</li> </ul>
<b>54</b>	<b>CORPORATE GOVERNANCE</b>
	<ul style="list-style-type: none"> <li>1. Board of Directors</li> <li>2. Supervisory Board</li> </ul>
<b>70</b>	<b>ORGANIZATIONAL STRUCTURE AND BOARD OF MANAGEMENT</b>
	<ul style="list-style-type: none"> <li>1. Organizational Chart</li> <li>2. Board of Management</li> </ul>
<b>78</b>	<b>INVESTOR RELATIONS</b>
<b>80</b>	<b>CORPORATE SOCIAL RESPONSIBILITY</b>
<b>86</b>	<b>2014 AUDITED CONSOLIDATED FINANCIAL STATEMENTS</b>



## Message from the Chairman

*Dear our valued customers, partners and shareholders,*

U neven global recovery continued over the last twelve months at a slow pace despite setbacks while downside risks were remaining in many aspects of the international financial markets. Inflation was on its decreasing trend in most parts of the world, resulting in most central banks' employment of loose monetary policy to encourage economic growth. 2014 was a significant year for Vietnam economy; it witnessed the State Bank of Vietnam's capability in macroeconomic stabilization and inflation control. The State Bank of Vietnam (SBV) has been leading monetary policy in a flexible manner, targeting stable exchange rates to ensure an increase in national foreign exchange reserves, sufficient liquidity for the banking system and a lower level of interest rates in comparison with the pre-recession period. Looking forward to a positive future, the State Bank of Vietnam aims to accelerate the restructuring process of the banking system and further enhance commercial banks' financial capability and governance competency in an effort to promote economic growth and social security.

Staying focused on the targets set by the resolutions of National Assembly, the Government and the SBV, VietinBank and its Board of Directors dedicated all efforts in 2014 in implementing the Bank's well-defined strategy and achieving goals and objectives with flying colors. These achievements, once again, reaffirmed the Bank's leading position in

terms of total assets, growth momentum and performance. With constant commitment towards all our shareholders, we are pleased to announce another year of solid performance for the financial year ended 31 December 2014 with an increase of 14.7% in total assets to VND 661 trillion (USD 30.88 billion), achieved 103% of set target at the General Meeting of Shareholders. Profit before tax amounted to VND 7,302 billion, total funding rose by 16.3% and customer loans up by 18% year-on-year. Non-performing loans (NPL) ratio (out of total lending to the economy) was kept at 1.1%. Return on assets (ROA) and return on equity (ROE) achieved 1.2% and 10.5% respectively. These results were driven by robust growth in asset quality and solid risk management despite unfavorable economic conditions in recent years.

With over VND 37 trillion (USD 1.74 billion) worth of charter capital and VND 55 trillion (USD 2.57 billion) of total equity, VietinBank is currently the best capitalized bank in the country. In addition to this year's financial performance, we are proud to report the undertaking of a complete restructuring process, equipped with innovative technology applications. Our ambition has been to completely transform the existing organizational structure towards centralized management at each service group and customer segment whilst creating in-depth specialization to further enhance business operation efficiency as well as management capacity and risk management.

With great success and tremendous contributions in 2014, we are proud to be the only Vietnamese financial institution to have been named as one of the World's Top 2000 Public Enterprises by Forbes Magazine for 3 consecutive years from 2012 to 2014. We are also one of the two banks in Vietnam to enter into the Global 500, recognizing the world's most valuable banking brands in 2015 according to Brand Finance - the world's famous ratings agency and brand valuation consultancy firm. For 10 consecutive years, VietinBank has

been in the Top 10 National Brands and the holder of Vietnam Value Award for three straight years. In 2014, VietinBank, once again, was honored to receive the accolade of Outstanding Enterprise for Social Responsibility and Community Development for the second time.

While the 2015 outlook continues to be challenging, we are determined to put exceptional effort to execute our business strategy evolving market shares dominance in correspondence with the Bank's well-established franchise and success in the implementation of organizational structure transformation. At VietinBank, we prioritize the importance of investing in our people and innovative technology. Product research and development will be another aspect to focus on in the coming years to enhance performance and risk management.

Looking towards 2015 with promising opportunities, we determine comprehensive reform is key to realize our 2017 ambition of shaping the Bank to become the largest commercial bank in the country of total assets value with systemic importance to the local and regional economy. We aim to be the bank of choice for our valued clients in Retail and Corporate Banking. The Bank will spare no effort in striving for sustainability in our next phase of development. Despite challenges posed by current economic situations, in light of insightful directions of the Vietnamese Government and the State Bank of Vietnam, VietinBank Executive Management and all employees are united and committed with strong determination and sincere efforts to implement the Bank's well defined business strategy and deliver another year of solid performance to our valued shareholders.

**Chairman of the Board of Directors**



**Ph.D Nguyen Van Thang**

# 1 General Information

**Registered name in Vietnamese:**

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN  
CÔNG THƯƠNG VIỆT NAM

**Registered name in English:**

VIETNAM JOINT STOCK COMMERCIAL BANK  
FOR INDUSTRY AND TRADE

**Abbreviated name:**

VietinBank

**Banking License:**

No. 142/GP-NHNN dated 03/07/2009 by the State Bank of Vietnam

**Certificate of Business Registration:**

No.0100111948 by Hanoi Department of Planning and Investment for the first issuance on 03<sup>rd</sup> July 2009, registered for the 10<sup>th</sup> amendment on 29<sup>th</sup> April 2014

**Charter Capital:**

VND 37,234,045,560,000

**Head Office:**

108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam

Contact number: 00 84 4 39421030

Fax: 00 84 4 3942 1032

Website: [www.vietinbank.vn](http://www.vietinbank.vn)

**Stock Code: CTG**



## 2 History of the Bank

### Date of Incorporation:

VietinBank was established on 26 March 1988 after its separation from the State Bank of Vietnam in accordance with Decree No.53/HDBT by the Ministers Council.

### Listing:

VietinBank stock has been officially traded on Ho Chi Minh City Stock Exchange (HOSE) since 16 July 2009.

- **Type of share:** Ordinary shares
- **Stock Code:** CTG
- **Par value per share:** VND 10,000
- **Total number of shares:** 3,723,404,556 shares (as at 31 December 2014)

### 26 Years of incorporation and development:

#### PHASE III: 2009 to present

#### PHASE II: 2001 - 2008

Successfully implemented the organizational restructuring project, targeting debts handling, general policies & mechanisms and business operations

Successful carried out an initial public offering and conducted a complete system innovation towards modernization and standardization in all aspects of banking activities; converting the current organization model and corporate governance in accordance with international standards and practices

#### PHASE I: 1988 - 2000

Established and transformed into a two-tier bank, officially put Vietnam JSC Bank for Industry and Trade into operation



## 3 2014 Activities Highlights

- The Annual General Meeting of Shareholders (GMS) was successfully held in April 2014. New members of the Board of Directors (BOD) and Board of Management (BOM) were elected. Mr. Nguyen Van Thang, former member of the BOD & CEO of VietinBank was elected Chairman of the BOD; Mr. Le Duc Tho, former Chief of the Office of the State Bank of Vietnam (SBV) was elected the CEO of VietinBank.
- VietinBank maintained its leading position in local banking system, being the largest bank in terms of charter capital, most profitable and highest tax paid. The Bank's asset quality and NPL ratio were the lowest in local banking industry.
- VietinBank was named in Top 1,000 Enterprises of Tax Contribution in Vietnam for 5 consecutive years; Forbes Global 2000 for 3 straight years, and many other prestigious awards both domestically and internationally...
- VietinBank's ratings were upgraded by leading international rating agencies, reflecting system resilience after economic recession.
- VietinBank developed both on scale and in depth, its extensive branch network not only covered every city and province across the country but also reached out to the international markets with a total 152 branches (149 domestic branches, 02 overseas branches - in Germany and Laos) and over 1,000 transaction points.
- VietinBank proved its competency in arranging quick and large funding with preferential conditions. With such distinct advantages, the Bank played a crucial role in supporting economic growth and were able to provide attentive financial solutions for large corporations, companies and key projects all over the country. This capability also strengthened comprehensive cooperation with our partners whom are the world's leading financial institutions.
- VietinBank comprehensively implemented a numerous IT projects in 2014, creating favourable environment for the Core banking transformation project in 2015. This is one of the Bank's strategic steps to optimize and effectively implement various IT projects to support VietinBank's operation in all aspects of business activities.
- VietinBank successfully held "VietinBank's Beauty Culture" contest and inspired its culture to all customers.
- VietinBank is proud to be the outstanding local financial institution in promoting a vast number of corporate social responsibility programs.

## 4 Awards and Accolades (2014)

### Brand Finance®

#### Brand Finance Global 500 – The world's most valuable banking brands

VietinBank was recognized for the third time in Global 500 by Brand Finance with total brand value worth USD 197 million (Global 500 recognizes the world's most valuable banking brands in 2015 according to Brand Finance – the world's famous ratings agency and brand valuation consultancy firm).



Vietnam Value

#### Vietnam Value 2014

Initiated by Vietnamese Government, this annual award is presented by Ministry of Industry and Trade. It is the 11th consecutive time VietinBank was presented with this award.



#### Enterprise for Employees

The program is jointly held by Vietnam General Confederation of Labour and Labour Newspaper annually honouring enterprises for their care towards employees.



#### Top 1,000 Enterprise of Tax Contribution

The program is organized by Vietnam Report Company, Vietnamnet Newspaper and Tax Review. VietinBank is the leading enterprise in the banking industry in terms of corporate income tax paid. This is the 5th consecutive year VietinBank was selected at Top 10 with ranking number 5.



#### Top 5 Best E-Banking Services

The program is held by VnExpress Newspaper, sponsored by the State Bank of Vietnam and advised by Smartlink Card Service Company. VietinBank was honored the Bank with most favourite Mobile Banking service and Most Interested Bank in Vietnam.



#### Bank of outstanding products and services creativity

This is an annual award held by Vietnam Banks Association (VNBA) and International Data Group - IDG. Not only offering traditional card products, VietinBank also pioneers in providing modern technology-integrated products and services. As a recognition, the Bank was honored to receive the outstanding card payment service award (mobile POS machine).



#### Forbes Global 2000

VietinBank was named in Forbes Global 2000 for three consecutive years with the current ranking 1854.



#### Top leading banks in payment volume and sales in card business

Master Card recognized VietinBank for its leading card business with 23% market share in domestic debit cards; approximately 35% market share in international card and over 30% market share in POS network development. In 2014, VietinBank was also presented with Annual Leadership Awards by Visa.



#### Vietnam's Top 500 Corporations

This award was presented by Vietnam Report and Vietnamnet E-Newspaper. VietinBank ranked 20th place out of Top 500 Corporations in Vietnam (VNR500). At the same time, VietinBank was honored to be named in the list of Vietnam's Best Companies.



#### Asia - Pacific Business Excellence

Awarded by Asia-Pacific Economic Review in partnership with external publication of Asia-Pacific Economic Review.

## 5 Scope of Business and Branch Network

### Scope of business:

Scope of business: VietinBank' services include Fund Mobilization in the form of Term Deposits for Retail and Corporate clients, Foreign Exchange, Guarantees, International Settlements, Letters of Credit, Capital Markets, Money Markets, Bonds, Equity Investments, Correspondent Banking, Internet Banking and other innovative financial and investment services and solutions licensed by the State Bank of Vietnam.

### Branch Network:

VietinBank branch network is comprised of: Head Office located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi; 01 Main Operation Centre; 03 functional units; 02 Representative Offices in Hochiminh City and Danang City; 01 Representative Office in Myanmar; 149 local branches in 63 cities and provinces across the country and 03 foreign branches (02 in Germany and 01 in Laos PDR). In addition to the extensive network, VietinBank has established correspondent relationship with over 1,000 financial institutions of more than 90 countries and territories worldwide.



## 6 Vision - Mission - Core Values - Business Philosophy

### VISION

To be a modern and more diversified financial institution towards international standards by 2018.

### MISSION

To be a financial leader in Vietnam that offers a full spectrum of international standard banking services and financial solutions to individuals and corporate clients.

### CORE VALUES

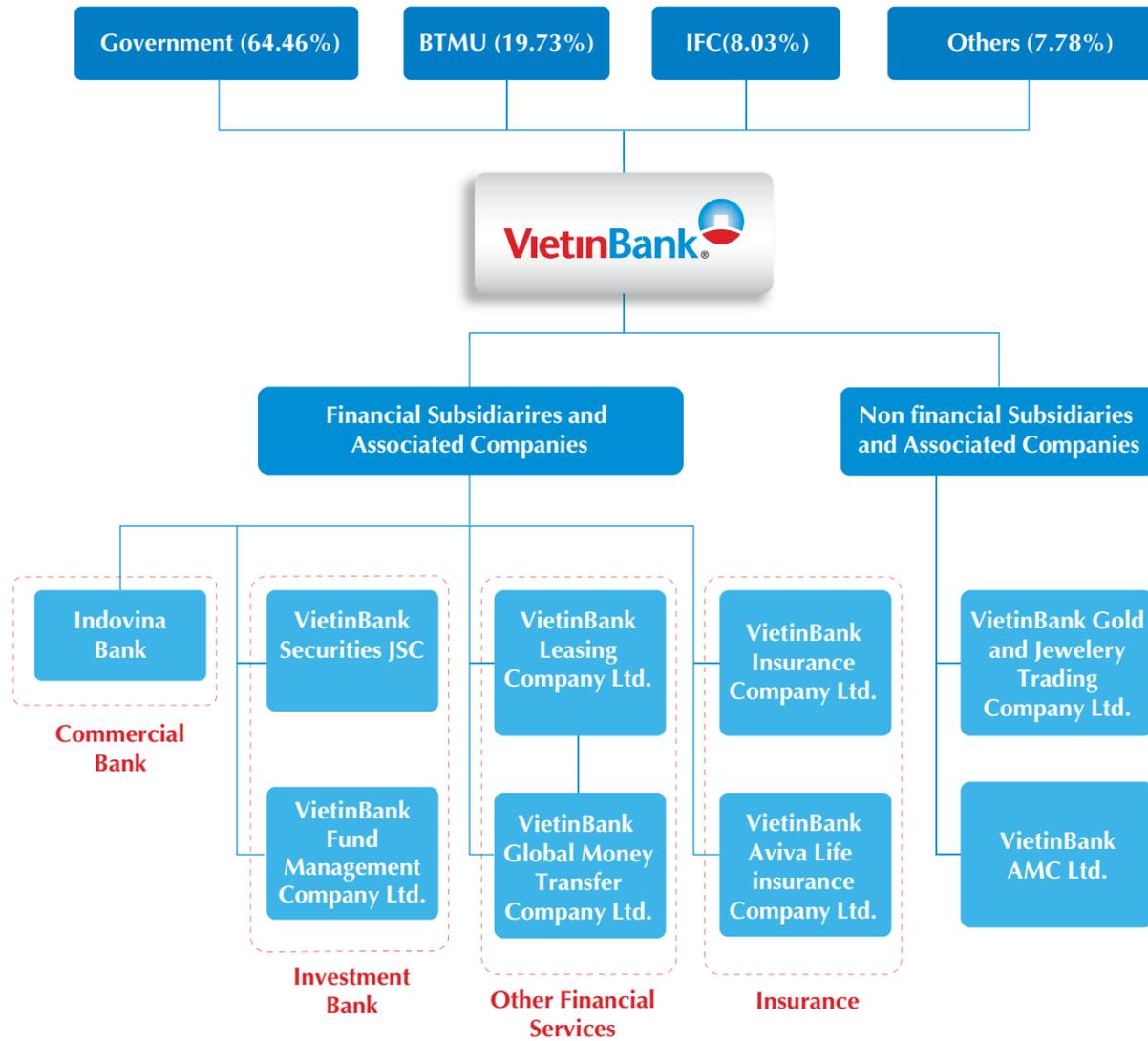
- **Customer Orientation:** Serving our customers is at the heart of our business and we are committed to constantly explore better ways to deliver advanced services and a differentiated experience to meet each and every financial need of our clients.
- **Towards Excellence:** With internal strength and resources, VietinBank management and staff are committed to reform towards perfection.
- **Dynamic, creative, professional & modern:** We understand that our continued success as a financial services organization is dependent on the innovative, dedicated services we provide. We always put our relationships with the clients and partners first in everything we do.
- **Integrity, Honesty & Transparency:** We have solid foundation of openness and accountability. We ensure each and every transaction is transparent and available for public viewing.
- **Respect:** Fair dealing is basis of our business, we treat every individual with respect and dignity.
- **Brand protection and development:** VietinBank staff and management are proud to be responsible for the reputation of our brand name and always carry it with honour and dignity.
- **Sustainable development and social responsibility:** Our motivation is driven by constant reform and creativity with clear objectives of strong growth, prudent business & sustainable development. It is an honour to give VietinBank staff the opportunities to participate in various volunteer programmes and to allow them to reach out further to the community and take responsibility for the society and fellow citizens.

### BUSINESS PHILOSOPHY

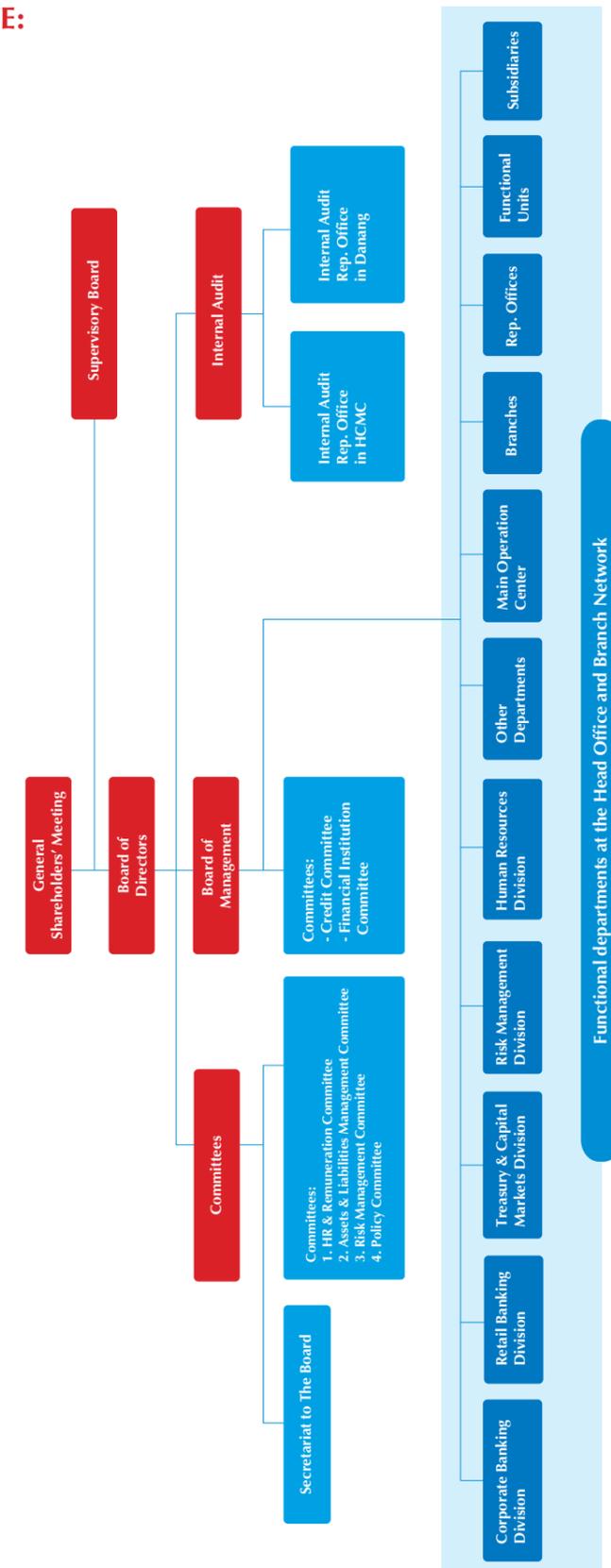
- Safe, effective and sustainable.
- Loyal, dedicated, passionate & committed, wise and principled.
- The prosperity of VietinBank's customers is our ultimate success.

# 7 Organizational Structure & Corporate Governance Model

## ORGANIZATIONAL STRUCTURE:



## MANAGEMENT STRUCTURE:





## 8 Subsidiaries and Associated Companies

No.	Company Name	Address	Scope of operation	Percentage of ownership by VietinBank
1	VietinBank Leasing Company Ltd.	16 Phan Dinh Phung Street, Ba Dinh District, Ha Noi	Finance and Banking	100%
2	VietinBank Securities Joint Stock Company	306 Ba Trieu Street, Hai Ba Trung District, Ha Noi	Capital Market	76%
3.	VietinBank Debt Management and Asset Exploitation Company Ltd.	76 Nguyen Van Cu Street, District 1, HCMC.	Asset Management	100%
4	VietinBank Insurance Company Ltd.	126 Doi Can Street, Ba Dinh District, Hanoi	Non-life Insurance	100%
5	VietinBank Gold and Jewelry Trading Company Ltd.	34 Cua Nam, Hoan Kiem District, Hanoi	Gold and Gemstones Manufacturing and Trading	100%
6	VietinBank Fund Management Company Ltd.	34 Cua Nam, Hoan Kiem District, Hanoi	Fund Management	100%
7	VietinBank Global Money Transfer Company Ltd.	126 Doi Can Street, Ba Dinh District, Ha Noi	Other Monetary Intermediation	100%
8	Indovina Bank	46-48-50 Pham Hong Thai Street, District 1, HCMC.	Finance and Banking	50%
9	VietinBank Aviva Life Insurance Company Ltd.	521 Kim Ma Street, Ba Dinh District, Ha Noi	Life Insurance	50%

## 9 Key Financial Indicators

Indicator	Unit	31/12/2014	31/12/2013	31/12/2012	31/12/2011	31/12/2010
Total assets	VND Billion	661,132	576,368	503,530	460,420	367,731
Shareholders' Equity	VND Billion	55,013	54,075	33,625	28,491	18,170
Charter capital	VND Billion	37,234	37,234	26,218	20,230	15,172
Total Funding	VND Billion	595,094	511,670	460,082	420,212	339,699
Gross Loans	VND Billion	542,685	460,079	405,744	293,434	234,205
Non-interest income	VND Billion	3,164	3,506	3,541	2,325	2,769
Total Operating Income	VND Billion	21,031	21,783	21,961	22,373	14,858
Total Operating Expenses	VND Billion	(9,827)	(9,414) <sup>(*)</sup>	(9,435)	(9,077)	(7,195)
Net profit from operating activities before credit provision expenses	VND Billion	11,204	11,874	12,526	13,296	7,663
Provision expenses for credit losses	VND Billion	(3,902)	(4,123)	(4,357)	(4,904)	(3,024)
Profit before tax	VND Billion	7,302	7,751	8,168	8,392	4,638
Corporate Income Tax	VND Billion	1,575	(1,943)	(1,998)	(2,132)	(1,194)
Profit after tax	VND Billion	5,727	5,808	6,169	6,259	3,444
ROA	%	1.2%	1.4%	1.7%	2.03%	1.5%
ROE	%	10.5%	13.7%	19.9%	26.74%	22.1%
NPL/ Gross Loans	%	0.90%	0.82%	1.35%	0.75%	0.66%
Capital adequacy ratio (CAR)	%	10.4%	13.2%	10.33%	10.57%	8.02%
Dividend payout ratio	%	10%	10%	16%	20%	13.47%

(\*) This figure was reclassified to enhance its comparability with the current year's presentation. Please refer to Note 57 in the audited consolidated financial statements for the year ended 31 December 2014 for details.

## 10 Development Plan



### Targets for 2015

Entering 2015, VietinBank will continue to be the pioneering bank in every implementation of guidelines and policies set by the Party and the Government whilst continuing to support economic growth. Exceptional efforts will be spent for constant reform and modernization of the banking sector, striving towards sustainable development of international standards and best practices while ensuring the interests of our shareholders and employees.

### Medium and Long - term Development Strategy Orientation

One of the Bank's well-defined objectives is to affirm its value in both domestic and regional markets. Our strategic goal for the long run remains to be the leading financial institution in the local banking industry in terms of operational scale and profitability. In order to do so, VietinBank will spare no effort in supporting the economic growth at home. Our business will continue growing while staying focused on risk management so as to prepare a firm ground for sustainable development. Simultaneously, the Bank will further improve its risk management capability and prepare a strong foundation to the full application of Basel II standards. Comprehensive restructuring will also be emphasized in the coming years. We are also committed to share with the community through various corporate social responsibility programs and social security activities. We aim at enhancing our financial capability as well as quality of human resources, investing in modern technology, upgrading organizational structure and business model, ensuring the Bank's corporate governance in line with international standards and best practices to improve competitiveness and ensure sustainable development in the future.

### Corporate Social Responsibility

Entering 2015, VietinBank will continue to engage deeper in more programs in connection with hunger eradication and poverty alleviation, initiated by the Party and the State. We will continue to improve the living standards of Vietnamese citizens through close monitoring to ensure VietinBank's funds are effectively used for the right purposes and reach out to the right people and in compliance with applicable procedures and regulations on capital construction and investment management and financial management.

## 11 Risk Factors

- In 2015, although the domestic economy has passed its low, challenges still exist concerning low purchasing power and capital absorption. Many businesses continue to face difficulties; therefore credit risk management on a regular basis plays an important part in preventing potential credit losses, increased NPL ratio and higher provision costs.
- In 2014, regulations on capital adequacy and liquidity requirements for credit institutions was issued by the State Bank of Vietnam under Circular No. 36/2014/TT-NHNN, Regulations on loan classification to the highest risk exposure by Credit Information Center (CIC) took effect from 01<sup>st</sup> January 2015. Deadline for restructuring of loans within current loan groups according to Circular 02/2013/TT-NHNN and Circular 09/2014/TT-NHNN was on 31<sup>st</sup> March 2015, forced local banks to not only strictly comply with applicable risk management regulations but also had certain impacts on the results of asset classification and loan loss provisions. As a result, there is a high likelihood that these factors will affect the management and business results of the Bank in several ways, unless they are fully identified, assessed and effectively managed.
- Pressure from compliance on a global scale requires VietinBank's compliance and risk management team to further improve both in policies, procedures and in IT infrastructure to minimize the Bank's potential financial, prestige loss and legal risks associated with money laundering, terrorist financing and sanctions...
- In addition, changing international economic situation with the recovery of US economy and the Fed's tightened monetary policy are expected to cause interest rates and USD exchange rate on international market to increase. These movements will have an impact on VietinBank's cost of borrowing in foreign currencies and will be the underlying factors leading exchange rate risk. The year 2014 witnessed the roar of USD value against most major currencies in the world, therefore credit quality of loans in foreign currencies will subsequently be affected due to an increase in USD exchange rate.



# 2014 Performance Review



# 1 Performance Review

As at 31 December 2014, VietinBank total assets reached VND 661,132 billion, increased by 14.7% from 2013, equivalent to 103% of target set at the General Meeting of Shareholders.

**Fund Mobilization:** Thanks to numerous fund mobilization and structuring solutions, VietinBank continued to maintain stable capital growth in the past several years. Total funding as at 31 December 2014 was VND 595 trillion, an increase of 16.3% compared to that of 2013 and reached 104% of the target set at the General Meeting of Shareholders.

**Loan growth:** Gross loans as at 31 December 2014 reached VND 543 trillion, equivalent to 105% of the target set at the General Meeting of Shareholders. VietinBank's 2014 gross loans increased by 18% compared to that of 2013 and was higher than the industry average.

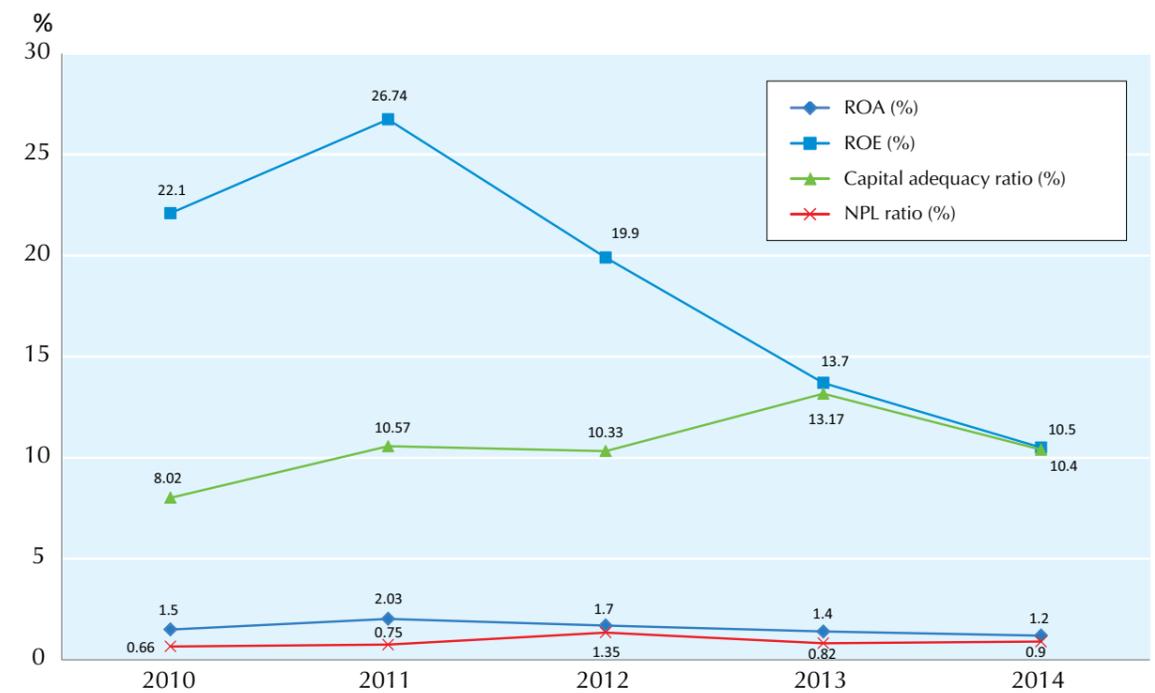
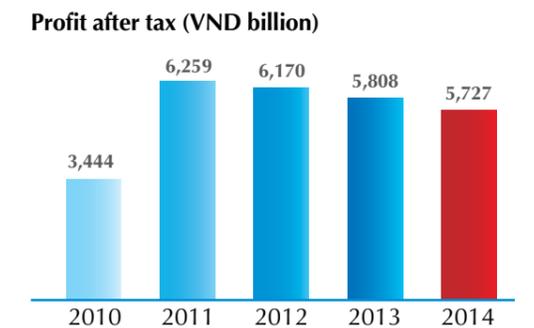
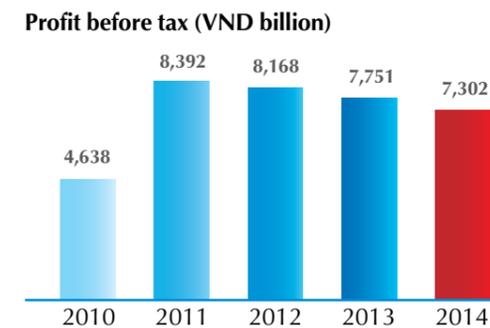
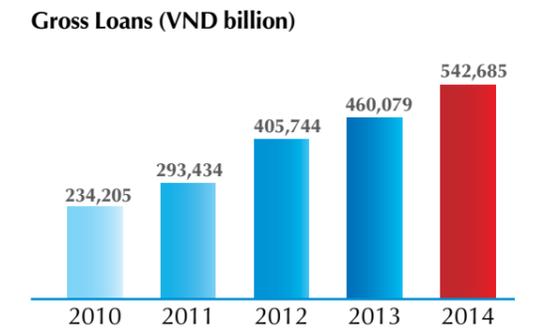
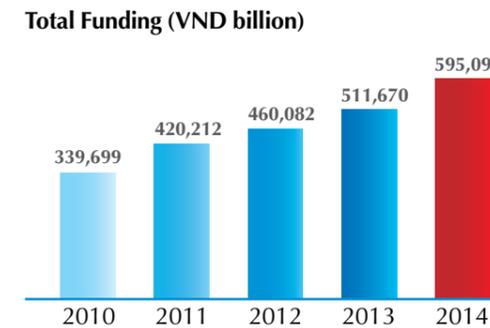
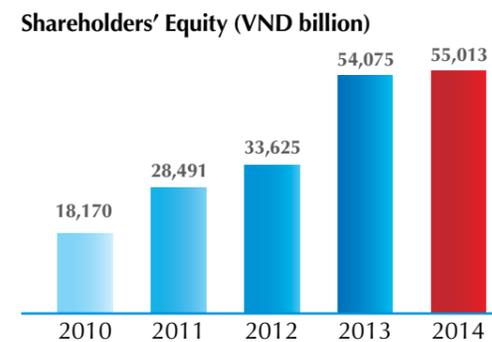
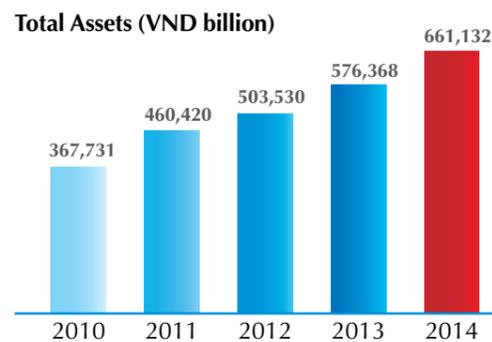
**Investment:** Investment portfolio were well-diversified and constantly developed both in scale and performance. By the end of 2014, total value of investments was VND 177 trillion, increased by 10.5% compared to that of 2013, accounted for 26.8% of total assets. Of which, inter-bank investment portfolio accounted for 43%, investment in valuable papers and investment in joint ventures shares were 55% and 2% respectively. Investment portfolio was flexibly structured to enhance profitability while ensuring liquidity reserves and strengthening VietinBank's leading role and position in the financial market.

**Foreign Currency Trading:** As of year end 2014, foreign currency trading turnover on interbank market

was USD 49.8 billion, enjoyed a total market share of 12-14%. 2014 turnover from primary market reached USD 22.5 billion, up by 12% compared to that of 2013 and achieved 10.2% market shares. These notable results continued to reaffirm VietinBank's rising position in foreign currency trading activities in local market.

**Trade Finance:** In 2014, VietinBank continued to boost sales of traditional products while emphasizing on the deployment of new products. Trade finance turnover rose by 14%, of which, collecting service turnover increased by 38%, turnover in L/C issuance was up by 17%, export-import payment volume rose 13%. VietinBank was proudly presented with the "Best Trade Finance Service" award by The Asset Triple A – a regional leading financial and banking review.

**Business results of subsidiaries:** there have been many positive changes in the operations of our subsidiaries. Each subsidiary reported a profit as of year-end with total profit before tax of VND 281 billion. The Bank's overseas branches also continued to perform well in many business aspects: Laos branch enjoyed profit before tax of USD 2.5 million, a sharp increase of 127% compared to 2013; German branch was consolidated and fully met the requirements of the Federal Republic of Germany. Our German branch built its business strategy according to actual market conditions. Since its incorporation, our German branch has been an important part of VietinBank's network expansion strategy.





### 2014 Performance vs. Objectives:

Indicator	2014 Performance	2014 Objectives	Percentage achieved vs. objectives
<b>Total Assets</b>	661,132	640,000	103.3%
Outstanding loans and investments	616,879	600,000	102.8%
Credit Exposures	542,685	519,418	105%
Total Funding	595,094	573,000	103.9%
<b>Shareholders' Equity</b>	55,013	54,931	100.1%
of which: Charter capital	37,234	37,234	100%
Profit before tax	7,302	7,280	100.3%
Dividend payout ratio	10%(*)	10%	Achieved
<b>Key financial ratios</b>			
ROA	1.2%	1.2-1.5%	Achieved
ROE	10.5%	10%-12%	Achieved
Impaired loans (NPL)/ Gross Loans	0.90%	< 3%	Achieved
Capital adequacy ratio (CAR)	10.4%	≥ 10%	Achieved

(\*) 2014 Forecast Dividend Payout Ratio

## 2 | 2014 Financial Highlights

A. FINANCIAL RESULTS	Unit	2013	2014	% change
<b>Total assets</b>	VND Billion	576,368	661,132	14.7%
Interest and similar income	VND Billion	44,281	41,076	- 7%
Taxes and other payables	VND Billion	2,505	2,314	-7.61%
Profit before tax	VND Billion	7,751	7,302	-6%
<b>Profit after tax</b>	VND Billion	5,808	5,727	-1%

### B. KEY FINANCIAL INDICATORS

#### 1. CAPITAL BASE

Charter capital	VND Billion	37,234	37,234	0%
<b>Total assets</b>	VND Billion	576,368	661,132	14.7%
Capital adequacy ratio	%	13.2%	10.4%	

#### 2. BUSINESS RESULTS

Total deposits	VND Billion	2,254,102	2,491,656	10.54%
Total loans disbursement	VND Billion	1,237,236	1,221,850	-1.24%
Total loans collection	VND Billion	1,216,664	1,158,679	-4.77%
Loans to Deposits Ratio (LDR)	%	89.91%	86.7%	
Special-mentioned loans	VND Billion	2,744	3,771	37.4%
Impaired loans (NPL)	VND Billion	3,770	4,905	30.1%
Special-mentioned loans/Gross loans	%	0.6%	0.69%	
Impaired loans (NPL)/Gross Loans	%	0.82%	0.90%	

#### 3. LIQUIDITY

Quick Ratio	%	15.22%	15.7%	
Liquidity ratio	%	29%	20%	

### 3 Shareholding Statistics:

#### Shares

- **Total number of ordinary shares issued:** 3,723,404,556 shares
- **Total number of outstanding shares:** 3,723,404,556 shares
- **Treasury shares:** 0 share
- **Dividends & profit distribution to shareholders:** 2014 dividends are yet to be distributed to shareholders.

#### Shareholder structure

- **State Shareholder**

No	Name of Shareholder	Address	No. of shares	%
1	<b>State Bank of Viet Nam</b>	49 Ly Thai To Street, Hoan Kiem District, Ha Noi	<b>2,400,204,956</b>	<b>64.46%</b>
	Represented by:			
	- Mr. Nguyen Van Thang, Chairman of the Board (40%):		960,081,982	25.79%
	- Mr. Le Duc Tho, Board member & General Director (30%):		720,061,487	19.34%
	- Mr. Cat Quang Duong, Board member (30%):		720,061,487	19.34%

- **Founding shareholders:** None
- **Foreign shareholders**

No	Name of Shareholder	Address	No. of shares	(%)
1	The Bank Of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8388	734,604,384	19.73%
2	IFC Capitalization (Equity) Fund, L.P.	2121 Pennsylvania Avenue, NW, Washington. DC 20433 USA	200,864,399	5.39%
3	International Finance Corporation (IFC)	2121 Pennsylvania Avenue, NW, Washington. DC 20433 USA	98,017,588	2.63%
4	Others		36,714,505	0.99%
	<b>Total</b>		<b>1,070,200,876</b>	<b>28.74%</b>

**Changes in shareholders' equity:** None  
**Treasury share transactions:** None  
**Others:** None

### 4 List of shareholders with restricted shares transfer

No.	Name of shareholder	ID/ Business License No./ Transaction code	No. of Shares	(%)	No. of shares with restricted transfer	Time limit for share transfer
1	<b>State Bank of Viet Nam</b>	15/SL	2,400,204,956	64.463%	2,400,204,956	Regulated under the State provisions
	Represented by:					
	- Mr. Nguyen Van Thang, Chairman of the Board (40%):		960,081,982	25.785%	960,081,982	
	- Mr. Le Duc Tho, Board member & General Director (30%):		720,061,487	19.339%	720,061,487	
	- Mr. Cat Quang Duong, Board member (30%):		720,061,487	19.339%	720,061,487	
2	<b>Internal shareholders</b>		323,965	0.009%	323,965	During term of office
	- Board of Directors		259,114	0.007%	259,114	
	- Supervisory Board		64,851	0.002%	64,851	
3	<b>VietinBank's Trade Union</b>	310/ToC-CDNH	54,734,749	1.470%	26,800,000	Sale of shares is not allowed
4	<b>Strategic shareholders</b>					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	CA6217	734,604,384	19.729%	734,604,384	From 14 May 2013 to 14 May 2018



Raising capital of organizations; Activities of insurance agents; Other activities as prescribed by law.

- **2014 Business performance and results:**

The company achieved record profit margin amongst Vietnam financial leasing companies with pre-tax profit of VND 83.5 billion. Total assets reached VND 1,421.1 billion, an equivalent of 91.5% of 2013 result. Total outstanding balance of financial leasing reached VND 1,443.4 billion, equals to 92.2% of 2013. NPL ratio was 2.11% of total outstanding balance (the lowest amongst financial leasing companies in the country.)

#### 4. VietinBank Securities Joint Stock Company



- **Overview:** VietinBank Securities Joint Stock Company was established under Decision No. 126/QĐ-HĐQT-NHCT1 dated on 01 September 2000 by the Board of Directors of VietinBank, operated under License No. 107/UBCK-GP dated on 01 July 2009 of the State Securities Commission.

- **Registered Office:** 306 Ba Trieu Street, Hai Ba Trung District, Hanoi

- **Tel.:** 844 6278 0012                      **Fax:** 844 3974 1760

- **Major Business:** securities business including brokerage, proprietary trading, underwriting, investment advisory, financial advisory and securities custody.

- **2014 Business performance and results:** 2014 business results reflected the Company's achievement in exceeding all of targets set at the beginning of the year. Revenue amounted to VND 177.2 billion (101.29% objective); Pre-tax Profit reached VND 83.17 billion, exceeding 118.8%; Total assets reached over VND 1,139 billion, up by 10.88%.

#### 5. VietinBank Gold and Jewelry Trading Company Ltd.



- **Overview:** VietinBank Gold and Jewelry Trading Company Ltd. is a wholly-owned subsidiary of VietinBank. It was established under Decision No. 1521/QĐ-HĐQT-NHCT1 dated 15 September 2010 by VietinBank's BOD and Business Registration No. 0105011873 dated 25 November 2011 of Hanoi Authority for Planning and Investment. The Company's current charter capital is VND 300 billion.

The 3<sup>rd</sup> Business Registration was changed on 12 January 2015

- **Registered Office:** 2<sup>nd</sup> floor, Hoang Thanh Building, 114 Mai Hac De Street, Le Dai Hanh Ward, Hai Ba Trung district, Hanoi.

- **Tel.:** 04.39421051                      **Fax:** 04.39393502

- **Major Business:**

- Retail of new other goods in stores:

+ Retail of gold, silver, precious stones and semi-precious stones, jewelry in stores.

+ Retail of souvenirs, knitting goods, handicraft goods in stores.

+ Retail of paintings, photos and other artworks (except antiques) in stores.

+ Retail of watches, eyewear in stores (except glasses).

- Wholesale of metals and metal ores:

+ Wholesale of gold, silver and other precious metals

- **2014 Business performance and results:**

In 2014, the Company's traditional business - gold bullion trading declined to 55% due to changes in the State's policy, the Company faced zero profit from gold import or procurement business. Despite setbacks, jewelry & gift business were promoted as part of an ongoing effort in restructuring major business. VietinBank Gold and Jewelry Trading Company also made remarkable effort in diversifying its commodities especially luxury gift products such as Royal Selangor, Credan etc. This movement has brought to the company in increase of VND 2 billion in profit for its jewelry & gift business. Growth was mainly driven by luxury gifts business. Retail activities was also actively boosted and in line with the management's direction set at the beginning of the year as well as specific nature of the Company's business.

The Company's revenue in 2014 was approximately VND 1,600 billion, a decrease of 70% compared with that of 2013. Pre-tax profit reached VND 2.8 billion.

#### 6. VietinBank Debt Management and Asset Exploitation Company Ltd.:



- **Overview:** The Company was originally incorporated under the Business Registration Certificate No. 4106000331 dated 17 January 2007 by Ho Chi Minh Authority for Planning and Investment. On 20 July 2010, the Company changed its name to VietinBank Debt and Asset Management One Member Ltd. Company and since then, has been operating under the Business Registration Certificate No. 0302077030 issued by Ho Chi Minh Authority for Planning and Investment with the first registration and third amendment on 11 November 2013. The Company is a full subsidiary of VietinBank with charter capital of VND 120 billion.

- **Registered Office:** 76 Nguyen Van Cu Street, Nguyen Cu Trinh Ward, District I, Ho Chi Minh City

- **Tel.:** 848 3920 2020                      **Fax:** 848 3920 3982

- **Major Business:** Receipt and management of mortgage, pledged assets and collateral valuation, etc.

- **2014 Business performance and results:** At the end of 2014, revenue reached VND 16.82 billion in which revenue from major business (asset evaluation) reached nearly VND 12 billion, up by 30% and pre-tax profit reached over VND 2 billion.

## 7. Vietinbank Global Money Transfer Company Ltd.



- **Overview:** In order to professionalize operations for personal money transfer development, VietinBank's Board of Directors has approved the establishment Project and issued Establishment Decision of VietinBank Global Money Transfer Ltd. On 01 March 2012, VietinBank Global Money Transfer Company Limited officially put into operation and is the focal unit for developing remittance services and personal money transfer services of VietinBank. The Company was granted Certificate of business registration No. 0105757686.
- **Registered Office:** 3<sup>rd</sup> floor, VietinBank Building, 126 Doi Can Street, Ba Dinh District, Hanoi
- **Major Business:** Financial intermediation
- **2014 Business performance and result:**
  - In 2014, VietinBank's remittance business has seen many positive changes with total remittance revenue increased by 7%, accounting for 15% market share of official remittance in Vietnam. VietinBank's remittance services have become increasingly familiar with customers at home and the Vietnamese communities abroad.
  - Business Results: The Company's total assets was VND 79 billion; Operation income reached VND 34 billion and pre-tax profit was reported at VND 10 billion; Revenue of financial operations amounted to over VND 4 billion.

## 8. VietinBank Aviva Life Insurance Company Ltd.



- **Overview:** VietinBank Aviva Life Insurance Company Ltd. is a joint venture between VietinBank and the No. 1 Britain Insurance Group - Aviva Group with an aim to develop the life insurance segment in Vietnam. The Company was incorporated under the License No. 64/GP/KDBH by the Ministry of Finance. As at 31 December 2014, the Company's charter capital was VND 800 billion with a 50% stake held by Vietinbank.
- **Registered Office:** 10<sup>th</sup> floor, Tower B, Handi Resco Building, 521 Kim Ma Street, Ba Dinh District, Hanoi.
- **Major Business:** Life Insurance
- **2014 Business performance and results:** Average premium earnings (APE) of VietinAviva has been growing constantly in the past twelve months. As of 31 December 2014, APE reached VND 75 billion, up by 164%. This figure reflected a 6 times increase in comparison with the market growth rate. According to the preliminary statistics of Vietnam Insurance Association at the end of 2014, VietinAviva imposed the highest average premium fee every contract.

## 9. Indovina Bank



- **Overview:** Indovina Limited Bank (IVB) is the first joint venture bank in Vietnam established on 21 November 1990 under the License No. 135/GP by the State Committee for Cooperation and Investment and License No. 08/NH-GP dated 29 October 1992 by the State Bank of Vietnam. It is a financial intermediation institution whose shareholders are VietinBank and Cathay United Bank of Taiwan (CUB). As of 31 December 2014, IVB's charter capital was USD 193 million, of which each party contributes USD 96.5 million.
- **Registered Office:** 97A Nguyen Van Troi Street, Ward 12, Phu Nhuan District, Ho Chi Minh City
- **Major Business:** Banking
- **2014 Business performance and results:** As of 31 December 2014, IVB's total assets reached VND 24,740 billion, increased 9% year-on-year. After-tax profit was VND 323.381 billion, up by 15%. Credit enjoyed a growth rate of 17%. ROA and ROE were 1.31% and 6.68%, respectively. Loans to customers as at 31/12/2014 reached VND 13,422 billion, up by 17.26% compared to 31/12/2013.





# Report of The Board of Management

# 1 | 2014 Performance Review

U neven global recovery continued over the last twelve months at a slow pace despite setbacks while downside risks were remaining in many aspects of the international financial markets. Inflation was on its decreasing trend, resulting in most central banks' employment of loose monetary policy to encourage economic growth. 2014 was a significant year for Vietnam economy; it witnessed the State Bank of Vietnam's capability in macroeconomic stabilization and inflation control. The State Bank of Vietnam (SBV) has been leading the monetary policy in a flexible manner, targeting stable exchange rates to ensure an increase in national foreign exchange reserves, liquidity for the banking system and a lower level of interest rates in comparison with the pre-recession period. Looking forward to a positive future, the State Bank of Vietnam aims to accelerate the restructuring process of the banking system and further enhance commercial banks' financial competency and governance capability in an effort to promote economic growth and social security.

Staying focused on the targets set by the resolutions of National Assembly, the Government and the SBV, VietinBank and its Board of Directors dedicated all efforts in 2014 in implementing the Bank's well-defined strategy and achieving goals and objectives with flying colors. These achievements, once again, reaffirmed the Bank's leading position in terms of total assets, growth momentum and performance. With constant commitment towards all our shareholders, we are pleased to announce another year of solid performance for the financial year ended 31 December 2014 with an increase of 14.7% in total assets to VND 661 trillion (USD 30.88 billion), achieved 103% of set target at the General Meeting of Shareholders. Profit before tax amounted to VND 7,302 billion, the Bank's total funding rose by 16.3%, customer loans up by 18% year-on-year. Non-performing loans (NPL) ratio (out of total lending to the economy) was kept at 1.1%. Return on assets (ROA) and return on equity (ROE) was achieved 1.2% and 10.5% respectively. These results were driven by robust growth in asset quality and solid risk management despite unfavorable economic conditions in recent years.

## Total Assets Growth

14.7%

## Total Funding Growth

16.3%

## Loan Growth

18.0%

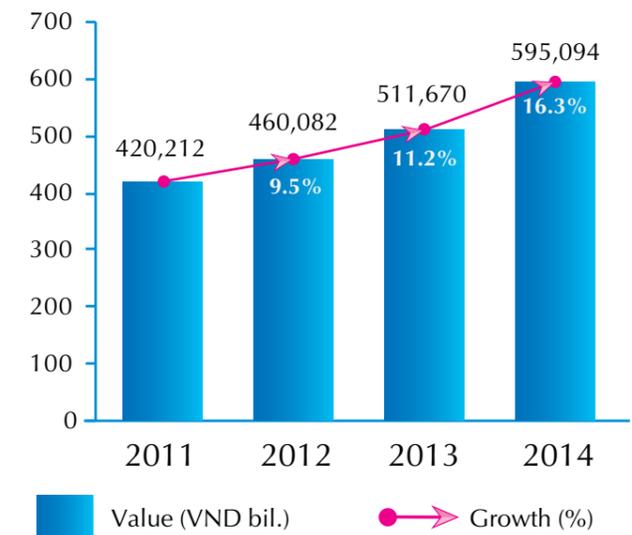
## Profit before tax

7,302  
(billion VND)

## Funding growth in line with demand, funding diversification

As of 31 December 2014, VietinBank's total funding was VND 595 trillion, up by 16.3% and reached 104% of General Meeting of Shareholders' plan. VietinBank continued to maintain funding growth in line with its diversification plan. Funding from corporate clients increased by 13%, from individual customers increased by 19%, such international funding from ODA, ADB, WB etc. positively increased by 22.7%. These achievements once again reaffirmed the Bank's strong brand and reputation in the context of high competitive pressure

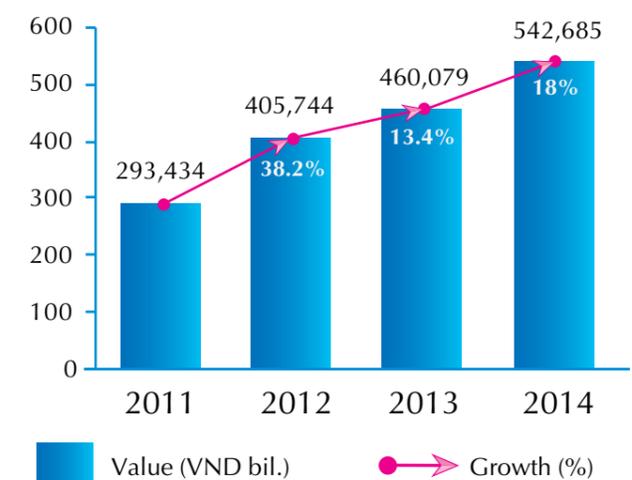
### Scale of funding growth over 4 years



## Rapid loan growth, well-controlled asset quality and positive restructuring

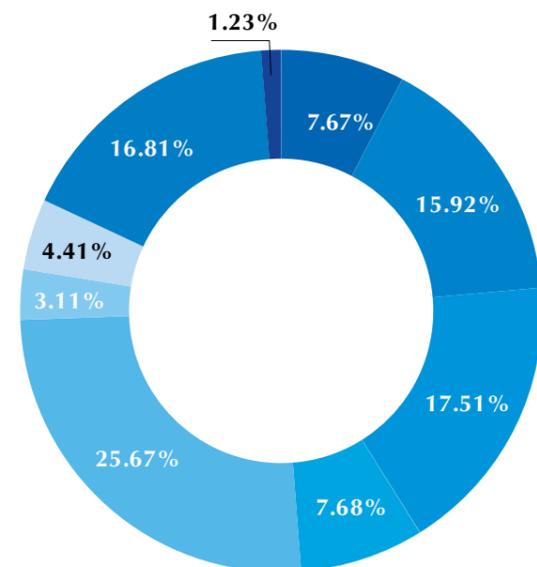
As of 31 December 2014, gross loan reached VND 543 trillion, up by 18% (higher than the industry average growth rate), reached 104.5% of the plan.

### 4-year summary of Gross Loans



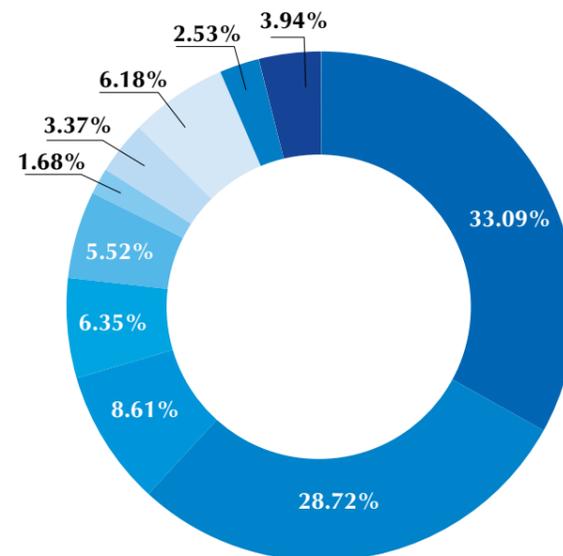
- + Gross loan continued its positive trend with significant loan growth in various business sectors prioritized by the Government such as rural agriculture, export, SMEs, supporting industries, high-technology. Preferential lending packaged was introduced to facilitate key national projects concerning crucial economic sectors such as Power, Petroleum, Coal & Minerals, Cement, Petroleum, Rubber, Steel, Fertilizers etc.
- + Loan quality was closely monitored and the classification of loans was strictly complied with the SBV's regulations under Circular No. 02/2013/TT-NHNN and 09/2014/TT-NHNN. As of 31 December 2014, NPL ratio was 1.1% and was lower than the industry average.

**Gross Loans analysed by business entity**



- State-owned enterprises (7.67%)
- State-owned one member limited companies (15.92%)
- Other limited companies (17.51%)
- Joint stock companies with more than 50% state holding (7.68%)
- Other joint stock companies (25.67%)
- Private companies (3.11%)
- Foreign invested companies (4.41%)
- Households and individuals (16.81%)
- Others (1.23%)

**Gross Loans analysed by industry**

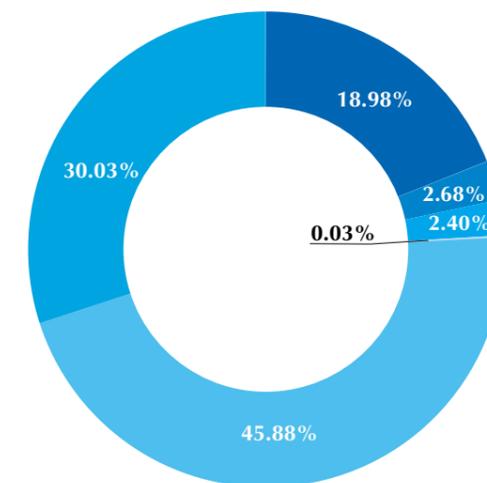


- Manufacturing and processing (33.09%)
- Wholesale and retail trading, auto repair (28.72%)
- Construction (8.61%)
- Electricity, petroleum and hot water (6.35%)
- Mining (5.52%)
- Transport, warehouse (1.68%)
- Agriculture, forestry and aquaculture (3.37%)
- Real estate (6.18%)
- Households (2.53%)
- Others (3.94%)

**Diversification of investment portfolio towards increased profitability**

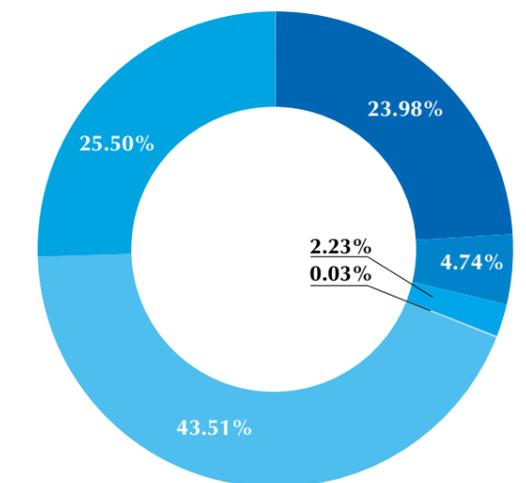
- As of 31 December 2014, the Bank's total investment reached VND 177 trillion, accounting for 27% of total assets. VietinBank has constantly diversified its business activities on the inter-bank market and promoted sales of interest rate & currency derivatives; Investment portfolio has been continuously adjusted in order to ensure liquidity reserves and enhance VietinBank's role and position in the market.
  - + Investment on inter-bank market: As of 31 December 2014, VietinBank investment on the inter-bank market reached over VND 75 trillion, up by over 3%.
  - + Investment securities and valuable papers: Total investment in securities reached nearly VND 98 trillion at financial year ended 31 Dec 2014, accounting for 55% of the Bank's investment portfolio. This was driven mainly from government and corporate bonds, contributing in an effort to enhance funding requirements for key national projects.
  - + Capital contribution: As of 31 December 2014, VietinBank's total capital contribution was nearly VND 4 trillion, slightly increased by 1%. The Bank's rate of capital contribution was fully complied with the State regulations.

**2013 Investment Portfolio**



- Business entities' debt securities (18.98%)
- Credit institutions' debt securities (2.68%)
- Capital contribution (2.40%)
- Equity securities (0.03%)
- Deposits / loans to other credit institutions (45.88%)
- Government debt securities (30.03%)

**2014 Investment Portfolio**



- Business entities' debt securities (23.98%)
- Credit institutions' debt securities (4.74%)
- Capital contribution (2.23%)
- Equity securities (0.03%)
- Deposits / loans to other credit institutions (43.51%)
- Government debt securities (25.50%)

## Service growth, increase of service revenue in total revenue & performance improvement

- **VietinBank continued to lead the local market with its card business, including ATM & POS cards and services.** VietinBank has received many prestigious domestic & international awards such as The leading bank of Visa/Master payments, outstanding bank of inproduct creativity, Outstanding Vietnamese products – 2014 Excellent service, Vietnam Famous Brands – 2014 competitive brands award..
- **FX trading results was positive with strong growth in trading volume.** VietinBank constantly maintained its role as one of foreign exchange market makers in the country.
- **M&A advisory and bond issuance consultancy services achieved positive results:** Total number of customer requests increased 20-fold, sale orders rose by 9 times in 2014. Consultancy business growth was driven by services including price valuation, corporate restructuring, equitization, M&A and post-merger plan.
- **Traditional trade finance products were promoted in parallel with the expansion of new product lines.** In 2014, VietinBank's trade finance activities was recognized by a vast number of reputable international organizations, particularly, the Bank was recognized by the leading magazine in banking and finance - The Asset Triple A with the award of "the Best trade finance service provider in Vietnam.
- **Another development stage for the Bank's payment business:** The establishment of Payment Center marked a significant step in the process of centralizing payment control, improving the specialization level in payment operation, contributing to the improvement of service quality and capital efficiency. This movement contributed greatly to the expansion of current market shares and increased VietinBank position in the realm of payment business.
- **Maintain dominance in overseas remittance:** New remittance channels have been promoted in countries such as the USA, Canada, Korea, Taiwan, Malaysia, Laos etc. where remittance flows are high. With an emphasis on cross-selling, in 2014, the Bank's total remittance volume accounted for 15% market share via banking channels.

## Enhance risk management and internal auditing in line with international practices

- In 2014, the Bank's three lines of defense in risk management was further improved, its risk management capability was enhanced through focus on conducting researches and upgrading supporting tools to identify, measure and control risk factors in business operations.
- The Bank's internal audit framework was innovated and improved through the completion of mechanisms & policies while applying various innovative control programs to ensure non-compliance errors were early detected, major risks were identified at its early stage. Problems associated with mechanisms, processes and systems were timely fixed to strengthen productivity and efficiency.

## Social welfare has been promoted for socio-economic development and enhancing VietinBank's position and brand

VietinBank has always been the leader to address poverty reduction - a program initiated by the Party & the State, and improve people's lives through charity and social welfare programs. We will continue to improve the living standards of Vietnamese citizens through close monitoring to ensure VietinBank' funds are effectively used for the right purposes and reach out to the right people and in compliance with applicable procedures and regulations on capital construction and investment management and financial management.

## 2 Financial Highlights

### Assets

- Total assets: As of 31 December 2014, VietinBank's total assets reached VND 661 trillion, grew by 14.7% and reached 103% of General Meeting of Shareholders' plan in 2014..
- Balances with the State Bank of Vietnam: At the end of 2014, a slight decrease of 3% from the beginning of the year, VietinBank has fully complied with the SBV's regulations in term of required reserves.
- Balances with other credit institutions: At the end of 2014, placement with and loans to other credit institutions reached VND 75.4 trillion, up by 3%, of which term deposits in VND accounted for 58%, up by 6%.
- Trading securities: impressive growth witnessed in both size and profitability in 2014. As of 31 December 2014, the size of the Bank's trading securities portfolio increased by 5.6 times and profit reached VND 192.4 billion, a 10-fold increase.
- Loans to customers: As of 31 December 2014, loans to customers increased by 16.9% (higher than the industry average ratio), the proportion of gross loans to total assets stood at 67%. Due to the difficult economy in 2014, VietinBank has been closely directed by the Government and the SBV to actively reduce costs and interest rates and to help enterprises access capital for production and business recovery. In particular, being the market leader; VietinBank has spent thousands of VND billions for loans with preferential interest rates in sectors encouraged by the Government and the SBV such as rural agriculture, export, supporting technology support, etc., and in key national projects of key economic sectors, contributing to economic development.
- Loan quality was closely controlled, strictly complied with loan classification requirements by the SBV. As of 31 December 2014, NPL ratio was 0.9%, lowest amongst other financial institutions and lower than industry average.

### Liabilities

- Total liabilities: at the end of 2014, reached VND 606 trillion, up by 16%.
- Deposits and borrowings from other credit institutions: increased by more than VND 23 trillion, equivalent to 29%, of which deposits increased by 32% while borrowings increased by 27%..
- Deposits from customers: As of 31 December 2014, deposits from customers increased by VND 60 trillion, an increase of 16%. Of which, term deposits in VND increased by 20% and USD deposit increased by 14%. In the coming years, VND deposits are estimated to account for a larger portion of total funding.
- Shareholders' equity: In comparison with 2013, the Bank's equity structure has the following changes:
- Charter capital remained at VND 37,234 billion.
- Share premium reached VND 8,975 billion, up by VND 3.3 billion. Share premium/Equity ratio reached 16.3%, slightly decreased by 3% compared with 2013 after rising sharply in 2012.
- Retained earnings stood at VND 4,215 billion, up by VND 39 billion.

## 3 Supporting activities restructure, renewal and improvement

### Comprehensive restructure & renewal of organizational model:

- Strengthening organizational model: Concluding the business model transformation process while ensuring the effective operation of restructured and newly incorporated department and divisions.

- VietinBank has developed an extensive network with presence in every province and core city nationwide and reached out to the global market to better serve Vietnamese communities abroad with a total of 152 branches, 1000 transaction points and provident fund locations, of which, 149 branches are located in Vietnam, 2 in Germany and 1 in Laos.

- In the year 2014, VietinBank has established a new branch in Van Don, 25 office locations in the country and set-up a new office in Pakse, Laos. The Bank also developed a network expansion and upgrade proposition to strengthen its branch network and improve its ability to meet the diverse financial needs of customers from different locations. On 13 January 2015, the SBV issued Official Letter No. 216/NHNN-TTGSNN approving the establishment 100% owned subsidiary in Laos People's Democratic Republic named Vietnam Commercial Bank for Industry and Trade Limited in Laos. The Bank's charter capital is USD 50 million

### Enhancing brand value through various communication activities and investor relation programs

- Publication concerning the Bank's brand name in recent years has seen many remarkable changes to shape public opinion through active participation in each policy and guideline of the Government & the SBV.

Publication of activities with regard to the banking sector's and VietinBank's achievements were also enhanced in a professional manner. VietinBank's deployment of numerous media programs, publications and films was recognized in an effort to promote VietinBank brand. The Bank's proactiveness in sponsoring important seminars & conferences was highly encouraged and recognized by the State

- Investor relations was conducted with professionalism to enhance the Bank's brand value. In 2014, VietinBank successfully held two important events, namely the Annual General Meeting of Shareholders and Extraordinary Meeting of Shareholders. Efforts were made to meet investment funds & local/international securities firms. Within the year, the Investors and Analysts Conference was hosted to further strengthen VietinBank's image and CTG share value. Along with the transparent disclosure of information and significant business performance, VietinBank's contributions in IR activities is a great motivation to the local investment community

### The largest bank in terms of charter capital in the Vietnamese banking system with strong & diversified shareholder structure:

In 2014, VietinBank's charter capital was maintained at VND 37,234 billion, the largest bank in term of charter capital. CAR ratio was 10.4%, higher than the minimum requirement of 9% by the SBV.

The Bank's strong shareholder structure is reflected by 64.46% controlling shareholder by the SBV, the other two foreign strategic partners - BTMU and IFC hold a total of 27.76% stake, and minority shareholders hold the rest of 7.78%.

### Improving fundamental infrastructure, accelerating modernizing process and upgrading IT system to promote business activities:

- Development of information technology and banking modernization have been identified as one of important and strategic goals. VietinBank has striven for these goals to ensure the progress and quality of strategic IT and key modernized projects such as Corebanking Replacement, Enterprise Content Management - ECM, etc.; Development of IT applications have promoted business activities and risk management; IT applications in operation management have provided internal management tools for professional departments to improve working productivity & efficiency and cost savings.

- Along with the network expansion, VietinBank has focused on construction of new offices for branches, transaction offices and VietinBank Training School. In 2014, VietinBank started many important projects; many branch and transaction offices were handed over and put into use effectively.

### Enhancement of HR, training and payroll:

- VietinBank has studied best international practices of human resources management; Managers at all levels were reviewed and consolidated; Recruitment and employee rearrangement are streamlined in accordance with the Bank's business strategy. In 2014, VietinBank organized training sessions in the appropriate forms for capacities, in line with training needs of staffs & units. Besides, many staff delegations were sent to study abroad, including on-site training at BTMU for staffs.

- In 2014, the Bank continued to perform renovation work of emulation in the spirit of Directive 34-CT / TW dated 07/4/2014 of the Politburo and Plan No. 22 / KH-09 SB / 09/2014 of the central bank. Evaluation and grading mechanism emulation of collective or individual in the whole system were more transparent and comprehensive results on the basis of overall performance criteria under the Balanced Scorecard KPI. Many individuals and collective achievements in business have been awarded emulation deserved reward form, in which 01 individuals were awarded the Medal of Labour, Second Class; 01 teams and 24 individuals Labor Medal Third Grade, 01 individuals were awarded the National Emulation Fighter; 04 collective Emulation Flag awarded by the Government; 33 teams and 50 individuals were awarded Certificate of Merit from the Prime Minister; In addition, many individuals, groups receive merit of all levels and sectors.

## 4 2015 Development Plan

*The global economic sentiments have been forecast to show clearer improvement. In Vietnam, the National Assembly has passed the 2015 Socio-economic Development Plan with strong emphasis on macroeconomic stability and resolutions to address challenges existing in both production and business operations. The Government has clear aspirations in undertaking strategic breakthroughs to restructure national economy. Vietnam's deeper international integration on the basis of negotiating and signing of bilateral and multilateral trade agreements will bring about promising cooperation opportunities, attract higher foreign direct investments and create favourable environment for not only local enterprises but also the banking sector in Vietnam as a whole.*

### Business Operation:

- Boosting credit growth whilst improving asset quality. Maintaining existing market shares with respect to traditional customers and continuing to explore opportunities from new customers.
  - + Continuing to sustain the Bank's distinct advantages in areas of wholesale banking, promoting its pivotal roles of the main lender and investor in key economic sectors and projects. Undertaking breakthroughs programs in obtaining higher market shares while enhancing market efficiency and profitability in the segments of small & medium enterprises and FDI customers.
  - + Taking advantage of well-established brand name, operational scale, strong human resources and extensive network to develop the realm of retail banking and promote the development of retail products and services.
- Emphasizing on the diversification of investment portfolio to minimize risk, maximize the utility of resources and increase investment interest income. In 2015, VietinBank will continue to restructure its investment portfolio towards a more diversified composition across different groups of assets, namely between short-term and long-term assets, listed and unlisted and among 3 different bond issuers including the Government, financial institutions and corporate. VietinBank expects to maintain and increase the proportion of investment assets in its overall assets, expand investment and fund raising to international capital markets. Advanced investment products will be constantly developed while innovative and professional portfolio management techniques will be widely applied.
- Ensuring growth in fund mobilization to meet future credit growth and investment demand in line with the Bank's development plan: VietinBank will further accelerate growth from variety sources of funding, improve service quality and develop innovative products and services to meet specific requirements of different customer segments. Especially new payment products will be introduced to increase total payment volume, hence advantage to tap into low-cost funding sources and reduce interest on loan expenses. The total funding growth for 2015 is estimated to range from 13% to 15%.
- While upholding its pioneering position in the local banking system in terms of profitability and efficiency, the Bank will constantly be promoting the diversification of operating income sources, increasing the proportion of non-interest and fee-based income. Several business directions include:
  - + Enhancing fee based and non-interest income: In addition to being the market leader in providing customers with traditional financial solutions, VietinBank will deploy plans to increase the number and quality of products and services whilst paying special attention on various payment channels development and diversification. The quality of cards, internet banking and other non-interest businesses will also be enhanced. Non-interest and fee-based income components are expected to see better growth and will account for a higher proportion of the Bank's total operating income.
  - + An improvement in the proportion of non-interest income will create a favourable condition for the Bank to reduce pressure from traditional credit business and prepare a strong foundation to develop towards regional and international banking models.

- + Maintaining and enhancing operational efficiency: With the level of expected profit for the year 2015, profitability ratios such as ROA and ROE are estimated to range from 1.0% - 1.2% and 10% - 11% respectively.

### Risk Management

Along with nurturing business activities according to the particular development strategy of each division, VietinBank will strengthen its management and control, thrive towards international standards in compliance with international regulatory guidelines under Basel II. Efficient control will be ensured via the three lines of defense framework in effective risk management, hence improving the Bank's governance capacity and promote the safety and soundness of the local banking system.

### Supporting Activities

- Promoting the application of advanced information technology in business management: As part of our ongoing effort in promoting modernization, we will particularly focus our resources on the implementation of various IT projects which carry positive and significant impacts on the system such as Core banking, Data Warehouse etc ... for the period 2011-2015. Simultaneously, server operation security and smooth provision of immediate support to the users will also be ensured.
- Accelerating the investment and development of infrastructure and fundamental facilities: In the short-term, we will focus on ensuring the construction progress of the Bank's key infrastructure projects such as VietinBank Tower in Ciputra, Representative Office in the middle part of Vietnam and in Danang as well as other projects including the set-up of new branches and office locations.
- Enhancing branch network: VietinBank will continue to conduct centralized management and assessment for each business unit of domestic and overseas branch network. The Bank will soon complete designing a clear set of criteria to evaluate the performance of each business unit and improve the productivity and efficiency of branch network by applying specific solutions. As part of our presence strengthening strategy, the upgrade of foreign branches to subsidiary remained a top priority. The Bank will undertake necessary work to upgrade its Laos branch to subsidiary while strengthening business operation of its Germany branch and continue to integrate deeper into international financial market through the expansion of network.
- Strengthening organizational model: Concluding the business model transformation process while ensuring the effective operation of restructured and newly incorporated department and divisions.
- Standardizing human resource management: We stay focused on strengthening and completing the human resource framework, once again demonstrating the Bank's unceasing effort in improving staff quality. The establishment of Human Resource Division has been announced with functional specialization orientation. Regular performance assessment following KPIs mechanism to be conducted and serves as a criteria for comprehensive structure of human resource and job cuts if necessary.
- Completing salary and emulation scheme: Researches on practical job cuts are to be conducted in accordance with the Bank's transformation roadmap as well as business and human resource strategies. At the same time, VietinBank will continue to implement the synchronization of information technology in salary payment scheme, personnel management etc ... in the hope of contributing to the modernization goal of the Bank.



## Evaluation of the Board of Directors

## 1. Evaluation of the Board on all aspects of business operation

In 2014, VietinBank has striven to overcome obstacles in light of the Government and the State Bank of Vietnam's guidance to successfully carry out set business targets for sustainable development. We have actively adopted international standards and best practices to integrate further in the global financial market. As of 2014 financial year-end, the Bank achieved remarkable results driven by total assets of VND 661,132 billion, up by 14.7% on 2013 and achieved 103% of the set target at the GMS. The Bank's total funding rose 16.3%, exceeded 2014 objective with the assessment of 103.9%. Gross loans increased by 18%, exceeded target. Profit before tax reached VND 7,302 billion, met 100.3% of target assigned at the General Meeting of Shareholders. By raising the charter capital to VND 37,234 billion (up by 42% from 2012), we are currently the largest commercial bank in terms of registered capital and shareholder's equity in the local commercial banking system.

Unit: VND billion

Indicators (consolidated figures)	Unit	2014 Objective	Performance as of 31/12/2014	Assessment
Total assets	VND bil	640,000	661,132	103.3%
Total Gross loans and Investments	VND bil	600,000	616,879	102.8%
NPL	%	< 3%	0.90%	Achieved
Total funding	VND bil	573,000	595,094	103.9%
Shareholders' Equity	VND bil	54,931	55,013	100.1%
Chartered Capital	VND bil	37,234	37,234	100.0%
Profit before tax	VND bil	7,280	7,302	100.3%
ROAA	%	1.2% - 1.5%	1.2%	Achieved
ROAE	%	10% - 12%	10.5%	Achieved
Dividend payout ratio	%	10%	10% <sup>(*)</sup>	Achieved
Capital Adequacy Ratio	%		10.4%	-

(\*) 2014 forecast dividend payout ratio.

### Global Rating Agencies upgraded VietinBank's credit rating

In 2014, with unceasing efforts of the entire system and positive business results, Global Rating Agencies has upgraded VietinBank's credit rating based on its stronger capital buffer, lower NPL ratio and important contributions in the areas of trade and industry. Fitch Ratings - the leading Credit Rating Agency changed VietinBank's outlook from "stable" to "positive" and the Bank's Long-term Foreign Currency IDR and Support Rating Floor were upgraded to B+. The improvement in the Bank's credit rating has once again confirmed its system resilience strength. The positive outlook has also reflected VietinBank development prospects in the future. Another reputable credit rating agency - Moody's upgraded VietinBank ratings by one notch to B1 from B2. Capital Intelligence continued to reaffirm VietinBank's Financial Strength Rating by the announcement of BB- rating.

### Reaffirming brand value with prestigious awards and accolades

In 2014, VietinBank's brand value and reputation was reaffirmed with prestigious awards and accolades from eminent institutions in domestic and international financial markets. With unceasing efforts, we were particularly proud to be the only Vietnamese bank to have been recognized as one of the top 1000 corporate tax paying enterprises in Vietnam in 5 consecutive years, one of the World's Top 2000 Public Enterprises by Forbes Magazine. In 2014 VietinBank was again, recognized for the

10<sup>th</sup> time one of Vietnam's Top 10 Excellent Brands. In addition, for 3 consecutive years, we were honored to receive the National Brand Award (2012-2014) for The Excellent Enterprise. These rewards has brought us immense pride and again, confirmed the Bank's value in the midst of international integration process with Quality, Innovation, Creativity and Pioneering Capacity.

### Shareholders' Equity and Investor Relations

Shareholders' Equity of the Bank as of 2014 year-end was VND 55,013 billion, of which charter capital was maintained at VND 37,234 billion. With this structure, VietinBank is currently the best capitalized bank with strongest shareholder structure in the country with the SBV being the controlling shareholder with 64.46% stake, 27.76% stake held by foreign strategic partners including BTMU and IFC, the stake owned by minority shareholders accounted for 7.78%. Capital adequacy ratios were well maintained and in compliance with current requirements.

#### Investor relations

We expect a higher dividend payout ratio in 2014 to the shareholders compared to the industry average. Dividend payout will be ensured in compliance with applicable rules, regulations and the rights of shareholders.

Additionally, VietinBank places great emphasis on the disclosure of information to authorities and stakeholders. Events such as the Annual General Meeting of Shareholders in April 2014 and Extraordinary General Meeting of Shareholders in July 2014 was successfully organized. Other conferences with presence of various investment funds, analysts and securities companies continued to promote the brand prestige and value of CTG shares on the domestic and international stock markets.

### Strengthening collaboration with strategic partners & Deeper integration into international financial markets

The year 2014 witnessed VietinBank's active collaboration with strategic partner BTMU and IFC to promote management capacity, corporate governance and operational quality. In particular, after the incorporation of Steering Committee for Strategic Cooperation with members who are senior management of all parties, meetings are held on a regular basis for the members to exchange views, discuss progresses, develop cooperation plans and address issues related to risk management as well as the planning of future strategies of the Bank. The Steering Committee also prioritizes Corporate and Retail Banking and other collaboration in various fields including staff training, HR development and corporate governance.

In addition, the strategic partners have appointed senior professionals with extensive experience in banking and financial sector in major economies around the world to hold senior-management positions or serve as mentors in several departments and divisions. In 2014, BTMU has supported VietinBank to successfully organize many important events, conferences connecting the Bank with valued customers, especially multinational enterprises and Japanese businesses/ organizations with FDI/ODA investment in Vietnam. Events as such have contributed remarkably in enhancing the Bank's current position to a new level as well as its influence in the international financial markets. Promising opportunities encourage the Bank to further exploit potentials and promote the delivery of innovative financial solutions to foreign customers. BTMU and IFC's active support and extensive experience in the banking and financial sectors couple with VietinBank's strong commitment in improving operation quality and corporate governance are expected to intensify the Bank's integration process into regional and international markets.



According to the network expansion roadmap, the Bank has continued to consolidate business activities of its German Branch to ensure sufficient resources to meet the operational standards stipulated by the Federal Republic of Germany with business strategies consistent with actual market conditions. We also enhance the Bank's brand presence among foreign investors through the establishment of VietinBank office in Pakse, Laos in 2014. This event marked another step in the Bank's expansion plan and continued to enhance its overseas presence in light of international integration.

### Corporate Governance

#### Strengthening senior management composition

2014 marked the new term of VietinBank Board of Directors. At the 2014 Annual General Meeting of Shareholders, the new composition of the Board for 2014-2019 period was elected with Board members inclusive of the following delegations:

- Mr. Nguyen Van Thang – Chairman
- Mr. Le Duc Tho – Board Member & CEO
- Mr. Pham Huy Thong – Board Member & Deputy CEO
- Mr. Hiroyuki Nagata – Board Member & Deputy CEO
- Mr. Cat Quang Duong, Ms. Nguyen Hong Van, Mr. Go Watanabe - Board Members

In July 2014, in light of the Board's guidance to enhance the composition of the Board of Directors as well as the Executive Management, the following three senior management were appointed to serve the period 2014-2019:

- Mr. Michael Knight Ipson,
- Mr. Phung Khac Ke,
- Ms. Tran Thu Huyen.

Members of the Board of Directors and Board of Management are strongly united to complete assigned tasks, excelled in their duties and closely steered the Bank in its business operations and other activities, played a pivotal part in achieving the 2014 business plan.

#### Strengthening organizational structure and branch network

VietinBank has developed an extensive network with presence in every province and core city nationwide and reached out to the global market to better serve Vietnamese communities abroad with a total of 152 branches and 1000 office and provident fund locations, of which, 149 branches

are located in Vietnam, 2 in Germany and 1 in Laos. In the year 2014, VietinBank has established a new branch in Van Don, 25 office locations in the country and set-up a new office in Pakse, Laos. The Bank also developed a network expansion and upgrade proposition to strengthen its branch network and improve its ability to meet the diverse financial needs of customers from different locations

The organizational structure and operational model were also consolidated and innovated in consistency with the restructuring roadmap. Putting customers at the heart of our business, the organizational structure and operational model were transformed according to specific functions and responsibilities between business units and individuals. Transparency are ensured to accelerate coordination between departments, promote specialization, improve productivity, business efficiency, management capacity and risk management. This strategic work was aimed to create a solid foundation to accomplish the objective of deeper transformation of organizational structure, strategic management methodology of a modern financial institution with breakthrough fundamentals in technology and financial solutions.

#### Enhancing risk management systems, thrive towards international best practices

Integration into international financial markets requires commercial banks to meet the administrative requirements in risk management standards, in compliance with international standards and best practices. Indeed, the Board of Directors has issued directives to consolidate and improve the operation of the Risk Management Division through important researches, implementation and upgrade of supporting systems in order to identify measure and control risk factors in the Bank's operation. We prioritized the importance of raising awareness and compliance habits to each business unit and individual across the system through internal control strengthening. The Bank started to introduce Monitoring Project at branches based on their respective risk exposure. Inspection work at branch was introduced and implemented at branches based on their specific exposure, compliance KPI was also applied in compliance monitoring so as to prevent and minimize risks and losses for the branch and the Bank as a whole.

**Further developing technology system and promoting banking modernization remained a key strategic priority:** As part of building a solid foundation for comprehensive modernization of corporate governance to international standards, in 2014, we continued to implement several strategic projects that significantly improved productivity, reaping higher savings in business expenses and contributed to enhance operation control ability. Such projects included Core banking Replacing Project, Data Warehouse Project and Oracle GL..., have served as a solid foundation to support variety of business activities and contribute remarkably to enhance productivity, cost savings and operational efficiency.

#### Improving HR management according to international best practice

In 2014, VietinBank continued to conduct important studies in human resource management to complete its HR strategies and management policies towards international best practices. In conjunction with extensive work on HR management, the Bank stayed focus on consolidating staffing at every level. We provided continuous learning and development opportunities for employees across different entities. As part of our effort to groom a strong workforce, the Bank has provided many delegations the opportunities to gain valuable knowledge and experience abroad.

## 2. Board of Directors' Report on the Board of Management's performance

Despite the challenging operating environment, we successfully achieved the assigned tasks set at the General Meeting of Shareholders. VietinBank continued to affirm the key roles of the leading

bank in terms of capital, lending, investments, payments, international trade finance, remittances and cards activities etc... Our prestige and brand value were enhanced on both the domestic and international markets.

In addition to these achievements and unremitting efforts and devotion of VietinBank staff during the year, we have to mention the undeniably sensible leadership and appropriate guidance of the Board of Management. Members of Board of Management have closely participated in all aspects of business operations. The combination of both local Board members with extensive banking experience and knowledge in local markets and foreign shareholders with expertise in international banking management standards, the commitment and professionalism of the executive management in directing all business operations together with the close coordination between the BOM and the BOD have had positive effect on both the Bank's performance and, more broadly, the domestic banking system. All issues or problems encountered in daily banking operations were promptly addressed and efficiently resolved. Flexibility gives us room for sustainable growth and maximizes shareholder benefits. VietinBank's Board of Management has increasingly demonstrated its leadership role by taking the maximum advantage of every opportunity to effectively and safely achieve overall business goals. All members of the Board of Management have striven to fulfill their duties and responsibilities and always act in the interests of shareholders, the State and to the benefit of the Bank.

### 3. Future Plans and Directions

While the 2015 outlook continues to be challenging, we are confident that development opportunities and potential market will bring about promising improvement. VietinBank Board of Directors and Executive Management are committed to conduct constant reforms with focuses placed on 6 major restructuring aspects: financial strength operational model, corporate governance, distribution channels, information system, banking modernization and human resources. Looking forward with confidence, the Bank will spare no efforts in promoting the existing achievements, overcoming challenges in the hope of completing set targets for the year 2015. VietinBank will again reaffirm its pivotal role of a leading financial institution in the local banking system and continue to be a positive contributor to the development of the Vietnamese banking sector and the national economy and live up to valued shareholders' expectations.

#### 2015 Financial Objectives:

Indicator	Unit	2015		
		Objective (VND bil)	Growth vs 2014 performance (VND bil)	% change vs 2014 performance
Total assets	VND bil	746,000	84,868	12,84%
Total funding	VND bil	676,000	80,906	13,60%
Gross loans	VND bil	613,000	70,315	12,96%
Impaired loans (NPL)	%	< 3%		
Profit before tax	VND bil	7,300	(2)	-0.03%
Charter capital	VND bil	49,209	11,975	32.16%
Shareholders' equity	VND bil	58,883	3,870	7.03%
ROAA	%		1%-1.2%	
ROAE	%		10%-11%	
Dividend Payout Ratio	%		7% - 9%	
Capital Adequacy Ratio (CAR)	%		> 9%	

**Forbes** Global 2000  
leading companies



**VietinBank** 

**3 CONSECUTIVE YEARS IN  
THE WORLD'S TOP 2000  
PUBLIC ENTERPRISES**

# Corporate Governance



## Board of directors

**Shares ownership of Board members**

Shares ownership of board members and changes in shares ownership:

No.	Full name	Number of shares	Percentage
1	<b>Mr. Nguyen Van Thang</b>	960,298,090	25.7909%
	Personal representative	216,108	0.0058%
	State capital representative	960,081,982	25.7851%
2	<b>Mr. Le Duc Tho</b>	720,099,014	19.3398%
	Personal representative	37,527	0.0010%
	State capital representative	720,061,487	19.3388%
3	<b>Mr. Cat Quang Duong</b>	720,061,487	19.3388%
	Personal representative	0	0.0000%
	State capital representative	720,061,487	19.3388%
4	<b>Ms. Nguyen Hong Van</b>	4,050	0.0001%
5	<b>Mr. Pham Huy Thong</b>	0	0%
6	<b>Mr. Go Watanabe</b>	0	0%
7	<b>Mr. Hiroyuki Nagata</b>	0	0%
8	<b>Ms. Tran Thu Huyen</b>	1,429	0.00004%
9	<b>Mr. Michael Knight Ipson</b>	0	0%
10	<b>Mr. Phung Khac Ke</b>	0	0%
<b>Total</b>		2,400,464,070	64.4696%

**Number of Independent Board members**

01 member - Mr. Phung Khac Ke

**Duties of the Board of Directors**

The Board of Directors is the governing body of the Vietnam Joint Stock Commercial Bank for Industry and Trade, for a term of 5 years. The Board of Directors has full authority to act on behalf of VietinBank to exercise the rights and obligations related to the purpose and benefit of the Bank, except for matters under the jurisdiction of the General Meeting of Shareholders. The Board consists of one Chairman and its members, responsible for the management of VietinBank to shareholders.

## Board of directors

**Mr. NGUYEN VAN THANG**

Chairman of the Board of Directors

Appointed in April 2014, Mr. Nguyen Van Thang, born in 1973 in Hanoi, is currently a member of the Standing Party Committee of the Central Enterprise Division, Secretary of the Party Committee, Chairman of the Board of Directors of Vietnam Joint Stock Commercial Bank for Industry and Trade.

He is a PhD in Economics. He joined VietinBank in 1996 and has served for the development of the Bank for 17 years in several senior capabilities including Secretary to CEO, Deputy Chief of Office, Director of Hanoi Branch, Head of Corporate Department, Member of the BOD and Acting General Director, and Member of the BOD and General Director.

**Mr. LE DUC THO**

Member of the Board and General Director

Appointed in April 2014, Mr. Le Duc Tho, born in 1970 in Hanoi, Ph.D. in Economics, is currently a member of the BOD & General Director.

He has been with VietinBank during the past 23 years in following positions: Head of Credit Approval Team - Credit Department, Vinh Phu Branch; Deputy Head of Credit Department, Phu Tho Branch; Deputy Head of General Balance Department; Deputy Head of Treasury Department, Head of Investment Department, Deputy General Director. He briefly served as Chief of Office of the State Bank of Vietnam before being appointed to the current position.

**Mr. CAT QUANG DUONG**

Member of the Board

Mr. Cat Quang Duong was born in 1959 in Hanoi. He holds a Master of Banking and Finance. In February 2012, he was appointed to the Board. He had a long career as a banker. Prior to his career with VietinBank, he spent years in the State Bank of Vietnam serving as Manager and Deputy Director of Credit Department. Currently he is the Deputy Head of Credit Department of the State Bank of Vietnam and a member of VietinBank's BOD.

## Board of directors

**Ms. NGUYEN HONG VAN**

Member of the BOD

Ms. Nguyen Hong Van was born in 1969 in Hanoi. She holds a Master of Banking and Finance. She started her career in VietinBank in 1990, then has been serving in various capacities including Deputy Head of General Balance Department, Head of Treasury Department, Head of Treasury Supporting Department. She was appointed to the Board in September 2008.

**Mr. PHAM HUY THONG**

Member of the Board and Deputy General Director

Appointed in April 2013, Mr. Pham Huy Thong, 35 years old, holds a Master of Business Administration. He is currently a member of the board and Deputy General Director.

Joined VietinBank in 2002, he has served as Head of Import-Export Payment Department at Que Vo Branch; Deputy Head of SMEs department at Ba Dinh Branch; Deputy Head and Head of Corporate Department at Hanoi Branch; Deputy Director and Director of Hanoi Branch and presently he is Deputy General Director.

**Mr. GO WATANABE**

Member of the Board

Appointed in July 2013, Mr. Go Watanabe, born in 1958 in Japan, holds a Master in Business Management. Currently he is a member of VietinBank's BOD. Prior to joining VietinBank, Mr. Go Watanabe worked in BTMU and held several senior positions including Head of Foreign Exchange and Treasury Division, ; Chief Manager, Executive Officer & General Manager of Global Corporate Banking Division; Deputy General Manager of Corporate Banking Human Resources Division; General Manager of Retail Banking Human Resources Division; General Manager of Corporate Banking Human Resources Division; General Manager of European Planning Division, Manager of European Head office based in UK; Executive Officer, Deputy President, General Manager of BTMU Shanghai Branch; Executive Officer & General Manager of Global Corporate Banking Division, Head of Global Financial Institutions,; Managing Director and Head of Nagoya Corporate Banking Group.

He is currently Managing Executive Officer, Chief Executive Officer for Asia and Oceania (Singapore), Bank of Tokyo-Mitsubishi Singapore and member of VietinBank's BOD.

**Mr. HIROYUKI NAGATA**

Member of the Board and Deputy General Director

Appointed in July 2013, Mr. Hiroyuki Nagata, 52 years old, born in Japan, holds a Bachelor of Economics. He is currently a member of VietinBank's BOD and Deputy General Director.

Prior to his joining VietinBank in 2013, Mr. Nagata has a long time experience in corporate banking, he has served as Assistant to Director of BTMU's branch in Bangkok; Head of Japanese Corporate Banking Department; Chief Manager of Corporate Banking Division No. 4, Corporate Banking Group No. 1; Chief Manager of Corporate Banking Credit Division, BTMU General Manager of Corporate Banking Division No. 3 - Corporate Banking Group No. 1, BTMU. He is currently a member of VietinBank's BOD and Deputy General Director.

## Board of directors

**Mr. MICHAEL KNIGHT IPSON**

Member of the Board

Reappointed in July 2014, Mr. Michael Knight Ipson, born in 1947 in the United States, is currently a member of the board. He has served various senior capacities including Vice President overseeing correspondent relationship between Chinese banks and enterprises in Hong Kong, Assistant to the Regional Manager for China, Hong Kong and Taiwan; Chief Representative for Chemical Bank in China; Managing Director of Chemical Bank Hong Kong Branch and Chief Executive Officer of Chemical Asia Limited, Member of Chemical Bank's Global Credit Committee; Chief Executive, IBA Credit Chairman; Senior Specialist of IFC- Beijing; IFC's Country Manager for China and Mongolia ; IFC's Consultant on East Asia (IFC - Washington, DC).

**Ms. TRAN THU HUYEN**

Member of the Board

Ms. Tran Thu Huyen, born in 1977, holds a Master of Business Administration. Since her joining VietinBank in 2001, she has been in various positions: Deputy Head of Human Resources Department; Head of Human Resources Department before being appointed as a Member of the Board in July 2014. Currently she is a member of the Board and Head of Human Resources Division.

**Mr. PHUNG KHAC KE**

Member of the Board

Mr. Phung Khac Ke, born in 1948 in Hanoi, holds a PhD in Economics. In July 2014, he was appointed as an independent member of VietinBank's BOD. In his long career, he held positions as Deputy Head, Department of Economics - Planning, State Bank of Vietnam; Deputy Chief of the Office of the State Bank of Vietnam; Head of Credit Department of the State Bank of Vietnam; General Director of VietinBank; Deputy Governor of the State Bank of Vietnam before retiring. Currently he is an independent Board member.

## Board of directors

## The BOD meetings

- From 01/01/2014 to 28/04/2014

No.	Member	Position	No. of meeting attended	Percentage	Reasons for not attending
1	<b>Mr. Pham Huy Hung</b>	Chairman	17/17	100%	
2	<b>Mr. Nguyen Van Thang</b>	Member and CEO	17/17	100%	
3	<b>Mr. Cat Quang Duong</b>	Member	17/17	100%	
4	<b>Mr. Pham Huy Thong</b>	Member and Deputy CEO	17/17	100%	
5	<b>Ms. Do Thi Thuy</b>	Member	17/17	100%	
6	<b>Ms. Nguyen Hong Van</b>	Member	17/17	100%	
7	<b>Ms. Nguyen Thi Bac</b>	Independent member	17/17	100%	
8	<b>Mr. Michael Knight Ipson</b>	Member	3/3	100%	Representing International Financial Corporation in the Board, Mr. Michael Ipson therefore only attended the Board's meeting associated with strategic directions.
9	<b>Mr. Hiroyuki Nagata</b>	Member and Deputy CEO	7/7	100%	Representing BTMU in the Board
10	<b>Mr. Go Watanabe</b>	Member	2/2	100%	Representing BTMU in the Board, Mr. Go Watanabe therefore only attended the Board' meetings associated with strategic directions

- From 29/04/2014 to 31/12/2014

(The 2014 Annual Meeting of Shareholders, held on April 29<sup>th</sup> 2014, elected to the Board of Directors for 2014-2019 with 7 members (No.1-7); The 2014 Extraordinary Meeting of Shareholders, held on July 24<sup>th</sup> 2014, elected three additional members (No.8-10)

No.	Member	Position	No. of meeting attended	Percentage	Reasons for not attending
1	<b>Mr. Nguyen Van Thang</b>	Chairman	38/38	100%	
2	<b>Mr. Le Duc Tho</b>	Member and CEO	38/38	100%	
3	<b>Mr. Cat Quang Duong</b>	Member	38/38	100%	
4	<b>Mr. Pham Huy Thong</b>	Member and Deputy CEO	38/38	100%	
5	<b>Ms. Nguyen Hong Van</b>	Member	38/38	100%	
6	<b>Mr. Hiroyuki Nagata</b>	Member and Deputy CEO	11/13	85%	Representing BTMU in the Board. Mr. Hiroyuki Nagata was absent from the meetings in May and October to attend BTMU strategic investment committee's meetings in Japan.
7	<b>Mr. Go Watanabe</b>	Member	9/9	100%	Representing BTMU in the Board, Mr. Go Watanabe therefore only attended the Board' meetings associated with strategic directions
8	<b>Ms. Tran Thu Huyen</b>	Member	23/23	100%	
9	<b>Mr. Phung Khac Ke (*)</b>	Member	13/13	100%	
10	<b>Mr. Michael Knight Ipson (**)</b>	Member	10/10	100%	Representing International Financial Corporation in the Board, Mr. Michael Ipson therefore only attended the Board's meeting associated with strategic directions.

(\*): Mr. Phung Khac Ke was appointed under Resolution No. 999/NQ-DHDCD of the Extraordinary Meeting of Shareholders dated July 24<sup>th</sup> 2014, and officially became a member of the Board starting from November 1<sup>st</sup> 2014 after VPBank issued its Resolution of Extraordinary Meeting of Shareholders dated October 31<sup>st</sup> 2014 to approve his resign as VPBank's independent board member.

(\*\*): Mr. Michael Knight Ipson was reappointed under Resolution No. 999/NQ-DHDCD of the Extraordinary Meeting of Shareholders dated July 24<sup>th</sup> 2014, and officially became a member of the Board after SBV issued its approval document No. 7028/NHNN-TTGSNH dated September 25<sup>th</sup> 2014.

## Board of directors

### Duties of Independent Board Member

Comply with the provisions of applicable Charter and law.

### Duties of the BOD's committees

Currently, VietinBank has 4 committees under the Board of Directors:

- Human Resource and Remuneration Committee
- Asset Liability Management Committee
- Risk Management Committee
- Policy Committee

Each committee operates under a particular organizational and operational set of regulations issued by the Board of Directors.

The Board committees, in 2014, had coordinated with several relevant departments and units to review and finalize regulations and other issues related to Human Resources under the authority of the Board of Directors as well as provide recommendations on other specific matters, etc...

### Members of the BOD hold corporate governance certificates

All members of the Board have been professionally trained on corporate governance.

### Changes in the Board's members

No.	Full name	Position	Date of appointment / resignation
1	Mr. Nguyen Van Thang	Chairman	Date of appointment: 29/04/2014
2	Mr. Le Duc Tho	Member	Date of appointment: 29/04/2014
3	Mr. Michael Knight Ipson	Member	Date of appointment: 31/5/2011 Date of resignation: 29/04/2014 Date of reappointment: 24/07/2014
4	Ms. Tran Thu Huyen	Member	Date of appointment: 24/07/2014
5	Mr. Phung Khac Ke	Member	Date of appointment: 24/07/2014
6	Mr. Pham Huy Hung	Former Chairman	Date of resignation: 29/04/2014
7	Ms. Do Thi Thuy	Former Member	Date of resignation: 29/04/2014
8	Ms Nguyen Thi Bac	Former Member	Date of resignation: 29/04/2014

## Supervisory Board



### Ms. TRAN THI LE NGA

Head of Supervisory Board

Appointed in July 2009, Ms. Tran Thi Le Nga, born in 1961 in Hanoi is the Head of VietinBank's Supervisory Board. She holds a Master of Economics from the National Economic University. Ms. Tran Thi Le Nga joined VietinBank from its early years of establishment. She has a long banking career serving as Deputy Head then Head of Business Department, Deputy Director then Director of Chuong Duong Branch prior to her appointment as Head of Supervisory Board.



### Ms. VU THI BICH HONG

Member

Appointed in April 2013, Ms. Vu Thi Bich Hong, born in 1960 in Thai Binh, is a member of VietinBank's Supervisory Board. She holds a Master in Banking and Finance. At VietinBank, she held several positions in Internal Audit Department at Ba Dinh Branch; Deputy Director of Nam Thang Long Branch and Deputy Director of Operational Surveillance Audit Department at VietinBank Headquarter.



### Ms. PHAM THI THOM

Member

Appointed in July 2009, Ms. Pham Thi Thom, born in 1969 in Ninh Binh, holds a Master in Banking and Finance. Currently, she is the Head of Accounting and Finance Division - the State Bank of Vietnam and a member of VietinBank's Supervisory Board. Before being appointed to the current positions, she has served as Deputy Head of Accounting Department, Head of Accounting Department of Bank for Agriculture and Rural Development - Hanoi Branch, and Deputy Head of Accounting and Finance Division - the State Bank of Vietnam.

## Supervisory Board

### Duties of the Supervisory Board

The Supervisory Board performs specific functions according to its own regulations on organization and operations. The Supervisory Board is a competent unit which operates independently with the Board of Directors and Board of Management. In order to effectively manage the Bank's operations, it performs functions on behalf of the shareholders to monitor the Bank's overall business operations and its compliance with the provisions of law and the Charter by the BOD and the CEO. The Supervisory Board is rightfully responsible before the Law and the Bank's shareholders in the conduct of rights and duties assigned to them. The Supervisory Board which was elected by shareholders at the Shareholders General Meeting, operates independently with the Bank's BOD and BOM. The Supervisory Board has shown improvements in the conduct of its various duties including effective supervision and warning.

### Changes in Supervisory Board Members

During 2014, there was no change in Supervisory Board members.

### Remuneration of the BOD, Supervisory Board and Executive Management

VietinBank's BOD, Executive Management and Supervisory Board remuneration policy aligns with regulations and VietinBank instructions. In which, the members' salary (remuneration of the BOD, Supervisory Board and Executive Management) is a component of the Bank's general salary budget, and reflects their performance and achievement of agreed upon tasks. The BOD and Supervisory Board's remuneration is treated as expenses.

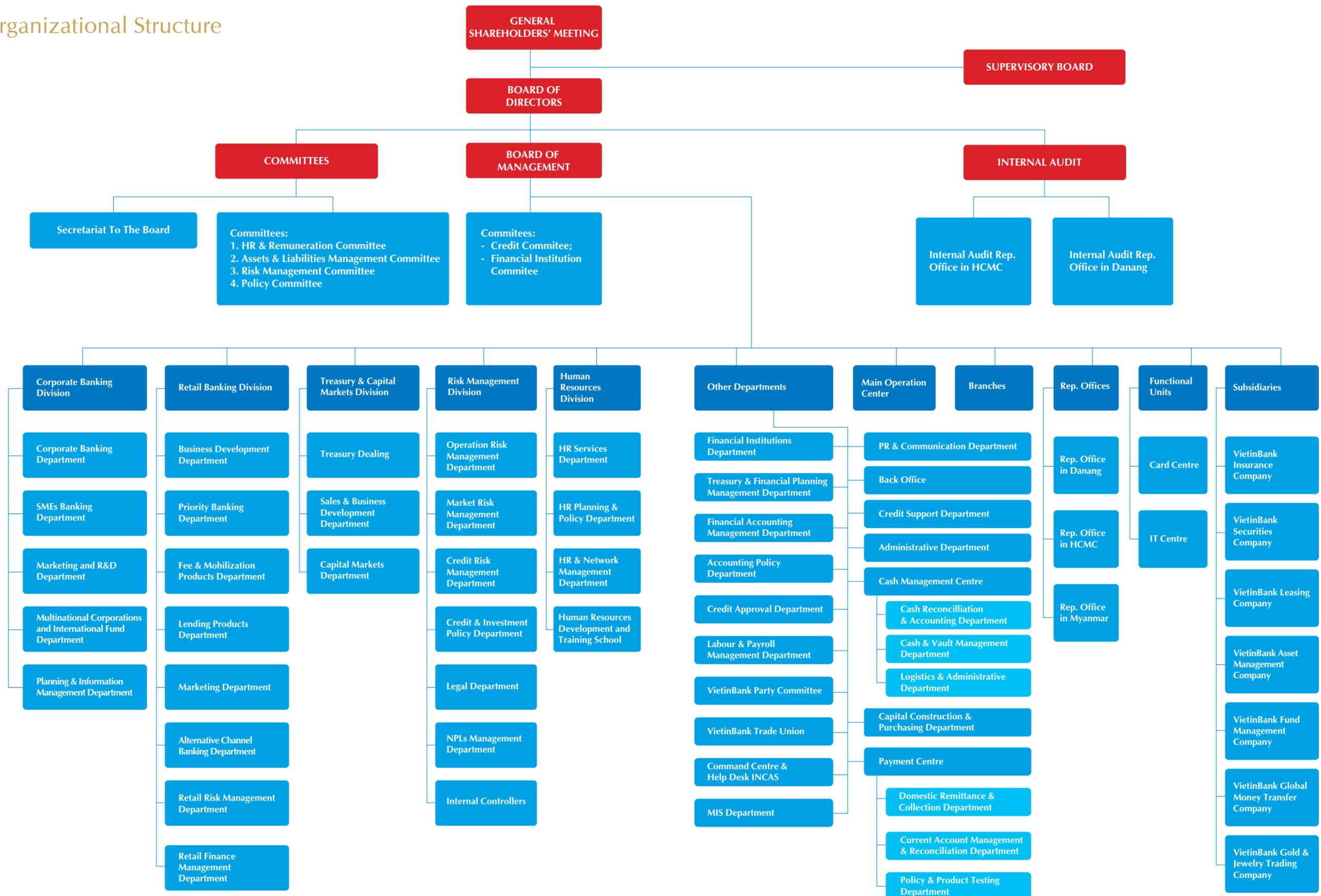
In 2014, calculation of remuneration of the BOD and Supervisory Board was 0.32% of net profit after tax (lower than the proportion of 0.33% as approved at the General Meeting of Shareholders)

### Stock transactions done by internal shareholders

No.	Transaction made by	Relationship with internal shareholder	Opening number of shares owned		Closing number of shares owned		The reason for change in number of shares
			Number of shares	%	Number of shares	%	
1	<b>Hoang Viet Phuong</b>	Spouse of Mr. Nguyen Duc Thanh - Deputy General Director	5,706	0.0002%	6	0.0000%	Sell 5,700 shares



# Organizational Structure



## List of Board of Management members



### Mr. LE DUC THO

Member of the Board and General Director

Appointed in April 2014, Mr. Le Duc Tho, Ph.D in Economics, born in 1970 in Hanoi, is currently a member of the BOD & General Director.

He has been with VietinBank during the past 23 years in following positions: Head of Credit Approval Team - Credit Department, Vinh Phu Branch; Deputy Head of Credit Department, Phu Tho Branch; Deputy Head of General Balance Department; Deputy Head of Treasury Department, Head of Investment Department, Deputy General Director. He briefly served as Chief of Office of the State Bank of Vietnam before being appointed to the current position.



### Mr. PHAM HUY THONG

Member of the Board and Deputy General Director

Appointed in April 2013, Mr. Pham Huy Thong, 35 years old, holds a Master of Business Administration. He is currently a member of the board and Deputy General Director.

Joined VietinBank in 2002, he has served as Head of Import-Export Payment Department at Que Vo Branch; Deputy Head of SMEs department at Ba Dinh Branch; Deputy Head and Head of Corporate Department at Hanoi Branch; Deputy Director and Director of Hanoi Branch and presently he is Deputy General Director.



### Mr. NGUYEN VAN DU

Deputy General Director

Appointed in August 2008, Mr. Nguyen Van Du, 53 years old, holds a Master of Economics. He is currently the Deputy General Director of VietinBank.

Joined VietinBank since the very first days of operation, he has been a devoted individual to the development of the Bank for the past 26 years. Prior to being appointed the role of Deputy General Director, he has held several senior positions including Deputy Director of Foreign Relations Department, Acting Director of Foreign Capital Raising Department, Director of Correspondent Banking Department, Director of Personnel and Training Department.



### Mr. HIROYUKI NAGATA

Member of the Board and Deputy General Director

Appointed in July 2013, Mr. Hiroyuki Nagata, 52 years old, born in Japan, holds a Bachelor of Economics. He is currently a member of VietinBank's BOD and Deputy General Director.

Prior to his joining VietinBank in 2013, Mr. Nagata has a long time experience in corporate banking, he has served as Assistant to Director of BTMU's branch in Bangkok; Head of Japanese Corporate Banking Department; Chief Manager of Corporate Banking Division No. 4, Corporate Banking Group No. 1; Chief Manager of Corporate Banking Credit Division, BTMU General Manager of Corporate Banking Division No. 3 - Corporate Banking Group No. 1, BTMU. He is currently a member of VietinBank's BOD and Deputy General Director.



**Ms. BUI NHU Y**

Deputy General Director

Appointed in August 2008, Ms. Bui Nhu Y, 53 years old, holds a Master of Economics. She is currently the Deputy General Director of VietinBank.

Ms. Bui Nhu Y joined VietinBank in 1990. In the past 25 years, she has held various senior management positions including Deputy Director of Investment Project Management Department, Deputy Director of Project Management and medium-term Credit Department, Director of Credit Management Department, Director of Credit Policy Department and Director of Corporate Banking Department.



**Mr. TRAN MINH BINH**

Deputy General Director

Appointed in May 2014, Mr. Tran Minh Binh, born in 1974, holds a Master in Business Administration. He is currently the Deputy General Director of VietinBank.

He has been working at VietinBank since 1999 and has held many senior positions: Secretary of General Director's Office; Deputy Head of Card Department; Director of Card Center; Head of Investment Department; Director of Nguyen Trai branch; Deputy Director then Director of Hanoi branch; Director of Treasury and Capital Market Division.

Since May 2014, he has served as Deputy General Director and Director of Treasury and Capital Market Division.



**Mr. NGUYEN HOANG DUNG**

Deputy General Director

Appointed in March 2011, Mr. Nguyen Hoang Dung, 53 years old, holds a Master in Monetary Business. He is currently the Deputy General Director of VietinBank.

He has over 26 years of experience with VietinBank since the very beginning of the Bank's operation, having held senior level positions including Deputy Director of Supervisory Department, Assistant to Director, Director of Human Resource Department - VietinBank Minh Hai Branch; Director of Business Department, Director of Ho Chi Minh City Transaction Office, Deputy Branch Manager, Branch Manager of VietinBank Ca Mau Branch; VietinBank Senior Manager.



**Mr. NGUYEN DUC THANH**

Deputy General Director

Appointed in August 2012, Mr. Nguyen Duc Thanh, 45 years old, holds a Master in Economics. He is currently the Deputy General Director of VietinBank.

He joined VietinBank in 2010. Prior to this, he had held several senior positions including Commercial Attaché at the Embassy of Vietnam in the Arab Republic of Egypt, Deputy Director and Secretary to the Minister of Trade, Deputy Director of the Department of Competition Management - Secretary to Minister of Trade, Deputy Director of Competition Management Department - Ministry of Industry and Trade, Director of VietinBank Financial Institutions Department.



**Mr. TRAN CONG QUYNH LAN**

Deputy General Director

Appointed in March 2015, Mr. Tran Cong Quynh Lan, born in 1979, holds a Master in Information Technology. He is currently VietinBank's Deputy General Director and Director of IT Center.

Prior to joining VietinBank, he has served in several senior positions such as: Assistant Director of OCBC Singapore, Assistant Vice President of OCBC Singapore, Vice President for Information Technology - Retail Banking, Management of electronic distribution channels and investment - OCBC Bank Singapore. In 2012, he started working at VietinBank as Director of IT Center. Since May 2015, he has served as Deputy General Director and Director of IT Center.



**Mr. NGUYEN HAI HUNG**

Chief Accountant

Appointed in June 2011, Mr. Nguyen Hai Hung, 45 years old, holds a Bachelor in Economics. He is currently the Chief Accountant of VietinBank.

Joined VietinBank since 1991, he has been a devoted individual to the development of the Bank for the past 24 years. He has held many senior positions such as Deputy Director and Director of Accounting and Payment Department.

**Changes in members of the Board of Management**

No.	Full name	Positions	Date of appointment/Resignation
1	Mr. Le Duc Tho	General Director	Date of appointment: 29/04/2014
2	Mr. Tran Minh Binh	Deputy General Director	Date of appointment: 28/05/2014
3	Mr. Tran Cong Quynh Lan	Deputy General Director	Date of appointment: 05/03/2015
4	Mr. Le Thanh Tung	Former Deputy General Director	Date of resignation: 01/06/2014
5	Mr. Pham Anh Tuan	Former Deputy General Director	Date of resignation: 01/06/2014

**Staff and Labour Policy**

The total number of employees as of 31 December 2014 was 19,787 (including employees of all subsidiaries, business units, representative offices and employees working on temporary basis).

VietinBank employees are entitled to the following remuneration mechanism:

- Monthly salary is paid based on role and responsibilities of each position, individual capacity and job performance (KPIs);
- Salary and bonuses are linked to the achievement and performance of agreed upon tasks as well as employees' contribution to final business results of their respective unit. The position and performance-related pay scheme continues to be an important motivation to our employees and helps to improve labour efficiency. 2014 Statistics show the average salary of VietinBank staff in 2014 reached VND 19.1 million per month;
- Each employee is entitled to full insurance benefits under the law of Vietnam which ensures the employees' rights to early retirement, sick leave and maternity leave;
- Employees can enjoy various remuneration benefits;
- Employees are provided with equal opportunities to develop careers by being promoted to senior management positions within VietinBank and they are eligible for award consideration.
- Training is made available to all employees to improve their professional competence;
- Employees are also eligible for welfare regimes including holiday vacations and union benefits in case of sickness or other personal and family issues;
- Social Security Retirement Benefits are provided to former employees with 2 month's salary before their retirement date. They are also entitled to annual medical regimes and are funded for retirement activities by the Bank;

### Activities in 2014

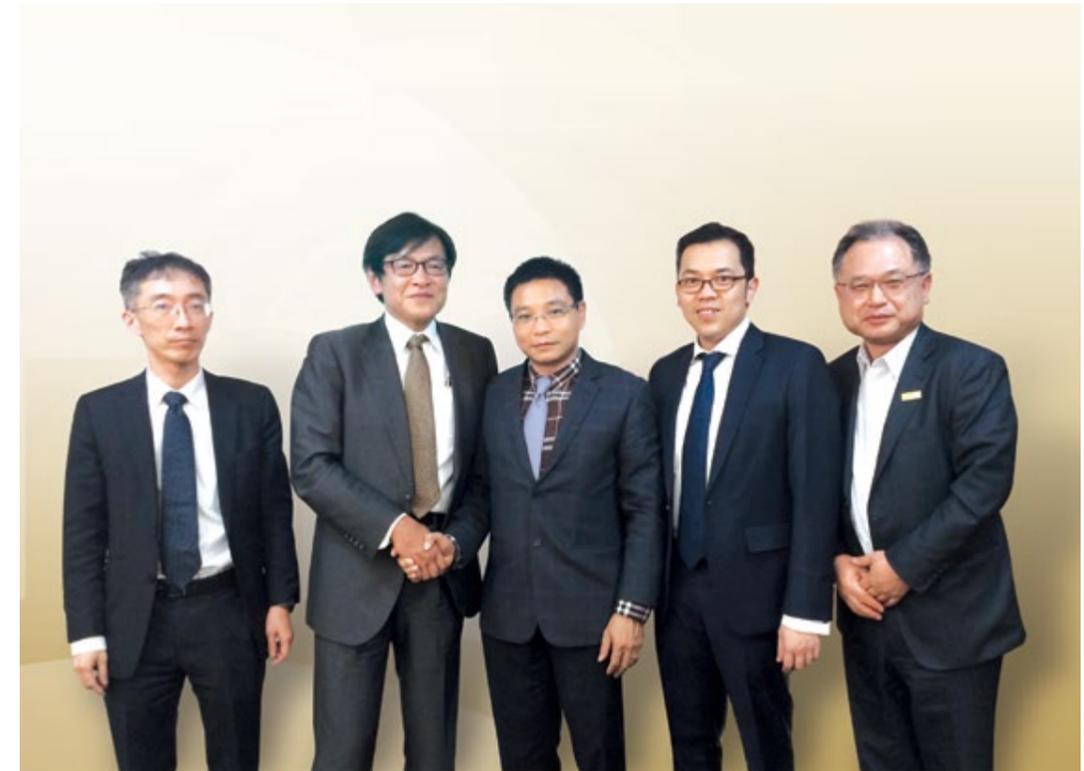
In 2014, investor relations activities were focused on strengthening and transferring the investor relations functions to the Secretariat of the Board to ensure good performance as an effective communication channel between VietinBank's BOM and the investors.

Major events including the Annual General Meeting of Shareholders, Payment of dividends and Extraordinary Meeting of Shareholders were held successfully during the year. As one of the strategies to promote CTG stock, to enhance the image of VietinBank and CTG stock with information transparency, dynamic activities, friendliness with investors and the market, VietinBank conducted a number of information exchange sessions with the investor community through meetings with approximately 60 investment funds, securities firms and analysts at home and abroad. The bank also successfully hosted the Analysts Meeting right after the announcement of the financial statements for Q3/2014. The BOM's participation and direct communication at the meeting has further improved VietinBank's professionalism and transparency in information disclosure.

In addition to the disclosure as regulated by the laws, VietinBank is the only bank to practice information disclosure with adequacy and transparency in both Vietnamese and English. The bank also pays special attention to its public relations, media releases, and press conferences with BOM's participation (for major events and financial statements announcement), as a way to promote VietinBank brand name and CTG stock value. The official e-portal between VietinBank and investors community - website [investor.VietinBank.vn](http://investor.VietinBank.vn) has been focused and regularly updated with information in both Vietnamese and English. Simultaneously, our IR team has always been providing investors with timely assistance concerning their rights and obligations associated with CTG stock.

### IR Plan in 2015

In 2015, investor relations will continue to be focused. In addition to the guarantee regular information disclosure as part of the Bank's strategy to improve CTG prices and create more value for our shareholders, VietinBank will implement additional technical measures such as listing the number of State-owned shares and apply for higher proportion of shares owned by foreign investors.



Mr. Nguyen Van Thang - Chairman of VietinBank BOD received Mr. Tadachiyo Osada – Managing Officer Group Head of Integrated Retail Banking Business Group Senior Managing Director, Bank of Tokyo-Mitsubishi (BTMU)



Mr. Le Duc Tho – VietinBank CEO met with Mr. Tadachiyo Osada - Managing Officer Group Head of Integrated Retail Banking Business Group Senior Managing Director, Bank of Tokyo-Mitsubishi (BTMU)

A large, leafy green tree stands prominently in a lush green field. The tree has a thick, dark trunk and a dense canopy of bright green leaves. In the background, there is a line of smaller evergreen trees and a wooden fence on the right side. The sky is a vibrant blue with scattered white clouds. A dark blue horizontal band is overlaid on the right side of the image, containing the text 'Corporate Social Responsibility' in white.

# Corporate Social Responsibility

**VietinBank implements its corporate social responsibility for sustainable development goals.**

**5,000  
BILLION VND**

*To date, we have spent over VND 5 trillion which was taken from the Welfare Fund, part of annual operating expenses and voluntary contributions of the employees to build over 31 thousand houses for needy families...*

To date, we have spent over VND 5 trillion which was taken from the Welfare Fund, part of annual operating expenses and voluntary contributions of the employees to build over 31 thousand houses for needy families; to construct roughly 1,000 bridges and rural roads, 18 water supply systems and reservoirs; to support the poor small-holder farmers with 2,108 cows and oxen; to build 66 disaster prevention combining community buildings in the provinces; Especially, to implement Vietnam's marine strategy by 2020 in the spirit of Resolution TW4 to maintain the sacred sovereignty of the country, VietinBank has funded over VND 100 billion to build 01 cultural center on Nam Yet Island and 01 multifunctional cultural house on Da Lon B Island, to build 01 FM stations, 04 freshwater pools on Spratly Islands, to support the Coast Guard, and the fishery control region 2 which contributed to enrich the life, culture and spirit for staff and soldiers on the island.

In education sector, VietinBank funded the construction of 486 schools, over 480 classrooms and boarding schools for ethnic students. The Bank also funded over 10,000 scholarships for under-privileged children with good academic record (from VND 1 million – 3 million/each), 20,200 pairs of lifesavers for children in riverside communities, as well as many other domestic utilities and educational equipments.

In healthcare sector, in order to improve the infrastructure and health care conditions for the people, VietinBank has invested to build 98 health care centers, 1 clinic and 1 medical college; donated 259 ambulance cars, specialized blood donation vehicles and 7 seated vehicles used exclusively to serve the medical staff rotation according to Project No. 1816 of the Ministry of Health. Many other equipments, medical supplies including versatile beds, medicine cabinets, high frequency ventilators, power generators, endoscopy, ultrasound, X-rays, surgical systems and patient monitor, etc... and other modern medical equipment were provided for central, provincial, district hospitals and commune health stations, to improve the infrastructure and conditions of the country's healthcare. In addition, VietinBank is supporting the construction of

houses for families of patients at the Hospital of Pediatrics and Cho Ray hospital in Ho Chi Minh City to provide accommodation for their under-privileged relatives.

In Gratitude activity, VietinBank has taken a life care of 300 Vietnamese Heroic Mothers (currently only 68 of them are still alive). VietinBank also pays regular visit and support monthly allowances for seriously wounded veterans in nursing centers; to embellish and upgrade a number of martyrs' cemeteries, the stone house, national hero monuments and other historical vestiges etc.... We also support the Agent Orange victims, disabled children through many volunteer campaigns, other charity programs such as the Gold Bell Program were also initiated to support the natural disasters and flood victims.



Ribbon-cutting Ceremony and Handover of Accommodation Facilities for patients' relatives at Vietnam National Hospital of Pediatrics



Ribbon-cutting Ceremony and Handover of social welfare facilities donated by VietinBank in the province of Ha Nam.



Chairman of CPV Provincial Committee Huynh Van Ti and Chairman of VietinBank BOD Nguyen Van Thang presented new house to Ms. Nguyen Thi Lan, Phan Thiet City, Binh Thuan province

**880**  
BILLION VND

To date, VietinBank sponsored over VND 880 billion to build 3,160 houses for needy families and to construct 91 bridges, 13 rural roads, 01 water supply system and 01 reservoir...

**Social activities in 2014**

To date, VietinBank sponsored over VND 880 billion to build 3,160 houses for needy families and to construct 91 bridges, 13 rural roads, 01 water supply system and 01 reservoir for the people of the mountainous areas; to support the poor small-holder farmers with 550 livestock; to build 13 disaster prevention combining community buildings in various provinces;

In education sector, VietinBank has been funding the construction of 56 schools, 01 inclusive education center for children with disabilities. The bank also gave 3,000 pairs of life-savers to children in riverside communities, and hundreds of scholarships to under-privileged children with good academic record.



Children in Yen Bai Province were presented life vest-formed bags by VietinBank

In healthcare sector, VietinBank has invested to build 28 health care centers; donated 31 ambulance cars, 01 7-seater vehicles used exclusively to serve the medical staff rotation according to Project No. 1816 of the Ministry of Health, together with many other modern equipments, medical provided for central, provincial, district hospitals and commune health stations.



Mr. Nguyen Van Du - VietinBank Deputy General Director handed over ambulance for Dong Trieu district, Quang Ninh province.

Especially from June to August 2014, VietinBank has organized campaigns to encourage the staffs in the entire system to support program "Towards the Sea", and "Homeland's Sea and Islands" with the amount of VND 4 billion to timely support the coast guard forces – region 2, fishery control officers – region 2 and Danang fishermen who spent their days and nights at sea for the sake of the country's sacred sovereignty.

To show gratitude to national heroes, patriotic martyrs and those contributed to the country's revolution, VietinBank has funded the embellishment and upgrading of 03 martyrs' cemeteries, 02 war memorials and historical vestiges, and taken a life care of 68 Vietnamese Heroic Mothers.



Young girl Phan May Phan had chance to continue her school with financial support from VietinBank



Mr. Cat Huy Long - Leader of VietinBank Youth Union presented gifts to Bach Dich Border Gate Checkpoint.



## AUDITED CONSOLIDATED FINANCIAL STATEMENTS

- STATEMENT OF THE BOARD OF MANAGEMENT
  - INDEPENDENT AUDITORS' REPORT
  - CONSOLIDATED BALANCE SHEET
  - CONSOLIDATED INCOME STATEMENT
  - CONSOLIDATED CASH FLOW STATEMENT
- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# 1 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 statement of the Bank and its subsidiaries for the year ended 31 December 2014.

## 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

<b>Mr. Nguyen Van Thang</b>	Chairman (appointed on 29 April 2014)
<b>Mr. Pham Huy Hung</b>	Chairman (resigned on 29 April 2014)
<b>Mr. Le Duc Tho</b>	Member (appointed on 29 April 2014)
<b>Ms. Nguyen Hong Van</b>	Member
<b>Ms. Do Thi Thuy</b>	Member (resigned on 29 April 2014)
<b>Mr. Michael Knight Ipson</b>	Member (resigned on 29 April 2014, reappointed on 25 September 2014)
<b>Mr. Cat Quang Duong</b>	Member
<b>Ms. Nguyen Thi Bac</b>	Member (resigned on 29 April 2014)
<b>Mr. Pham Huy Thong</b>	Member
<b>Mr. Hiroyuki Nagata</b>	Member
<b>Mr. Go Watanabe</b>	Member
<b>Mr. Phung Khac Ke</b>	Member (appointed on 01 November 2014)
<b>Ms. Tran Thu Huyen</b>	Member (appointed on 24 July 2014)

### Board of Management

<b>Mr. Nguyen Van Thang</b>	General Director (resigned on 29 April 2014)
<b>Mr. Le Duc Tho</b>	General Director (appointed on 29 April 2014)
<b>Mr. Tran Minh Binh</b>	Deputy General Director (appointed on 28 May 2014)
<b>Mr. Nguyen Van Du</b>	Deputy General Director
<b>Mr. Pham Anh Tuan</b>	Deputy General Director (changed mission on 01 September 2014)
<b>Ms. Bui Nhu Y</b>	Deputy General Director
<b>Mr. Nguyen Hoang Dung</b>	Deputy General Director
<b>Mr. Pham Huy Thong</b>	Deputy General Director
<b>Mr. Nguyen Duc Thanh</b>	Deputy General Director
<b>Mr. Hiroyuki Nagata</b>	Deputy General Director
<b>Mr. Le Thanh Tung</b>	Deputy General Director (changed mission on 14 May 2014)
<b>Mr. Tran Cong Quynh Lan</b>	Deputy General Director (appointed on 05 March 2015)
<b>Mr. Nguyen Hai Hung</b>	Chief Accountant

# 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 statement, which give a true and fair view of the financial position of the Bank and its subsidiaries and of its results and 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 the consolidated financial statement, 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 its subsidiaries 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, 20 March 2015

## 2 Independent Auditors' Report

No.: 907 /VN1A-HN-BC

**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 (the "Bank"), prepared on 20 March 2015 as set out from page 05 to page 80, which comprise the balance sheet as at 31 December 2014, 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 (collectively referred to as the "consolidated financial statement").

### Management's Responsibility for the Consolidated Financial Statement

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 accompanying consolidated financial statements give a true and fair view of, in all material respects, the financial position of the Bank as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions and legal regulations relating to financial reporting.

## Independent Auditors' Report (Continued)

### Emphasis of matter

Without qualifying our opinion, we would like to draw attention to Note 54 of the Notes to the consolidated financial statements "Contingent liabilities", as at 31 December 2014, the Bank has legal rights and obligations related to the case of Huynh Thi Huyen Nhu and the other former employees of Ho Chi Minh City branch and Nha Be branch of the Bank. At the reporting date, the Appeal Court of People's Supreme Court at Ho Chi Minh City heard and trial for the case on 07 January 2015, sentencing the accused Huyen Nhu for swindling to appropriate assets and certain other crimes, simultaneously reaching a verdict on judgment against Huyen Nhu and other accused members. In terms of civil responsibilities, Huynh Thi Huyen Nhu was responsible to reimbursement to three (03) banks, four (04) companies and three (03) individuals which were defrauded and the Bank neither has compensation obligations, joint liability nor incurs any financial loss with regards to the illegal actions of these accused mentioned above. However, the appellate court has partly ceased the first instance judgment in part relating to five (05) other companies for re-investigation. Under the provisions of the criminal law and criminal procedure for a case that is being re-investigated, the responsibilities and legal obligations of the parties concerned shall be defined only when the case has been trial with specific judgment and the verdict takes effect.



**Truong Anh Hung**  
Deputy General Director

Audit Practising Registration Certificate  
No. 0029-2013-001-1

**Pham Quynh Hoa**  
Auditor

Audit Practising Registration Certificate  
No. 0910-2013-001-1

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

20 March 2015  
Hanoi, S.R. Vietnam

### 3 Consolidated balance sheet

As at 31 December 2014

FORM B 02/TCTD-HN  
Unit: Million VND

NO.	ITEMS	NOTES	31/12/2014	31/12/2013
<b>A.</b>	<b>ASSETS</b>			
<b>I.</b>	<b>Cash, gold and gemstones</b>	<b>6</b>	<b>4,630,740</b>	<b>2,833,496</b>
<b>II.</b>	<b>Balances with the State Bank of Vietnam ("SBV")</b>	<b>7</b>	<b>9,876,451</b>	<b>10,159,564</b>
<b>III.</b>	<b>Placements with and loans to other credit institutions</b>	<b>8</b>	<b>75,433,624</b>	<b>73,079,476</b>
1.	Placements with other credit institutions		67,162,062	59,520,681
2.	Loans to other credit institutions		8,271,562	13,661,254
3.	Provisions for credit losses of loans to other credit institutions		-	(102,459)
<b>IV.</b>	<b>Trading securities</b>	<b>12</b>	<b>3,647,897</b>	<b>655,067</b>
1.	Trading securities		3,654,333	657,693
2.	Provisions for impairment of trading securities		(6,436)	(2,626)
<b>V.</b>	<b>Derivative financial instruments and other financial assets</b>	<b>9</b>	<b>-</b>	<b>164,334</b>
<b>VI.</b>	<b>Loans to customers</b>		<b>435,523,079</b>	<b>372,988,742</b>
1.	Loans to customers	10	439,869,027	376,288,968
2.	Provisions for credit losses of loans to customers	11	(4,345,948)	(3,300,226)
<b>VII.</b>	<b>Investment securities</b>	<b>13</b>	<b>93,404,410</b>	<b>82,360,193</b>
1.	Available-for-sale investment securities		87,338,962	79,908,691
2.	Held-to-maturity investment securities		6,708,858	2,586,748
3.	Provisions for impairment of investment securities	14	(643,410)	(135,246)
<b>VIII.</b>	<b>Long-term investments</b>	<b>15</b>	<b>3,784,907</b>	<b>3,755,358</b>
1.	Investments in joint-ventures		2,843,745	2,795,383
2.	Other long-term investments		1,030,326	1,040,326
3.	Provisions for impairment of long-term investments		(89,164)	(80,351)
<b>IX.</b>	<b>Fixed assets</b>		<b>8,872,165</b>	<b>7,080,388</b>
1.	Tangible fixed assets	16	4,661,630	3,464,589
a.	Cost		9,313,732	7,328,188
b.	Accumulated depreciation		(4,652,102)	(3,863,599)
2.	Intangible assets	17	4,210,535	3,615,799
a.	Cost		4,851,812	4,078,806
b.	Accumulated amortisation		(641,277)	(463,007)
<b>X.</b>	<b>Other assets</b>		<b>25,958,316</b>	<b>23,291,798</b>
1.	Other receivables	18	9,877,588	10,487,749
2.	Interest and fee receivables		12,706,283	10,035,489
3.	Other assets	19	3,376,800	2,782,048
	- In which: Goodwill	20	8,167	9,982
4.	Provisions for impairment of other assets		(2,355)	(13,488)
<b>TOTAL ASSETS</b>			<b>661,131,589</b>	<b>576,368,416</b>

### Consolidated balance sheet (Continued)

As at 31 December 2014

FORM B 02/TCTD-HN  
Unit: Million VND

NO.	ITEMS	NOTES	31/12/2014	31/12/2013
<b>B.</b>	<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>I.</b>	<b>Borrowings from the Government and the SBV</b>	<b>21</b>	<b>4,731,403</b>	<b>147,371</b>
<b>II.</b>	<b>Deposits and borrowings from other credit institutions</b>	<b>22</b>	<b>103,769,865</b>	<b>80,464,749</b>
1.	Deposits from other credit institutions		42,040,236	31,865,823
2.	Borrowings from other credit institutions		61,729,629	48,598,926
<b>III.</b>	<b>Deposits from customers</b>	<b>23</b>	<b>424,181,174</b>	<b>364,497,001</b>
<b>IV.</b>	<b>Derivative financial instruments and other financial liabilities</b>	<b>9</b>	<b>415,778</b>	
<b>V.</b>	<b>Grants, trusted funds and borrowings at risk of the credit institution</b>	<b>24</b>	<b>32,021,693</b>	<b>32,424,519</b>
<b>VI.</b>	<b>Valuable papers issued</b>	<b>25</b>	<b>5,294,073</b>	<b>16,564,766</b>
<b>VII.</b>	<b>Other liabilities</b>	<b>26</b>	<b>35,479,425</b>	<b>27,982,425</b>
1.	Accrued fee and interest expenses		5,749,315	4,365,827
2.	Other payables and liabilities		29,662,391	23,111,685
3.	Other provisions		67,719	504,913
<b>TOTAL LIABILITIES</b>			<b>605,893,411</b>	<b>522,080,831</b>
<b>VIII.</b>	<b>Capital and reserves</b>	<b>28</b>	<b>55,012,808</b>	<b>54,074,666</b>
1.	Contributed Capital		46,208,816	46,205,524
a.	Charter capital		37,234,046	37,234,046
b.	Share premium		8,974,770	8,971,478
2.	Reserves		4,250,372	3,374,995
3.	Foreign exchange reserves		338,463	317,641
4.	Retained earnings		4,215,157	4,176,506
<b>IX.</b>	<b>Minority interests</b>	<b>28</b>	<b>225,370</b>	<b>212,919</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>			<b>661,131,589</b>	<b>576,368,416</b>

#### OFF-BALANCE SHEET ITEMS

NO.	ITEMS	NOTES	31/12/2014	31/12/2013
<b>I.</b>	<b>Contingent liabilities</b>	<b>43</b>	<b>54,122,956</b>	<b>46,730,513</b>
1.	Loan guarantees		2,496,147	1,421,190
2.	L/C guarantees		29,742,703	27,626,059
3.	Other guarantees		21,884,106	17,683,264
<b>II.</b>	<b>Commitments</b>	<b>43</b>	<b>26,392,728</b>	<b>17,545,621</b>
1.	Other commitments		26,392,728	17,545,621

Preparer *HN*

Approver

*Le Nhu Hoa*  
Le Nhu Hoa  
Head of Financial Accounting  
Management Department  
20 March 2015

*Nguyen Hai Hung*  
Nguyen Hai Hung  
Chief Accountant

*Nguyen Van Du*  
Nguyen Van Du  
Deputy General Director

## 4 Consolidated income statement

For the year ended 31 December 2014

FORM B 03/TCTD-HN  
Unit: Million VND

NO.	ITEMS	NOTES	2014	2013
1.	Interest and similar income	29	41,075,588	44,280,823
2.	Interest and similar expenses	30	(23,495,402)	(26,003,568)
<b>I.</b>	<b>Net interest income</b>		<b>17,580,186</b>	<b>18,277,255</b>
3.	Income from services		2,404,468	2,096,679
4.	Expenses on services		(936,683)	(576,553)
<b>II.</b>	<b>Net profit from services</b>	<b>31</b>	<b>1,467,785</b>	<b>1,520,126</b>
<b>III.</b>	<b>Net gain from trading foreign currencies</b>	<b>32</b>	<b>386,539</b>	<b>291,450</b>
<b>IV.</b>	<b>Net gain from trading securities</b>	<b>33</b>	<b>192,423</b>	<b>18,930</b>
<b>V.</b>	<b>Net (loss)/gain from investment securities</b>	<b>34</b>	<b>(153,675)</b>	<b>45,976</b>
5.	Other operating income		3,742,898	1,931,677
6.	Other operating expenses		(2,351,412)	(970,364)
<b>VI.</b>	<b>Net profit from other activities</b>	<b>35</b>	<b>1,391,486</b>	<b>961,313</b>
<b>VII.</b>	<b>Income from capital contribution, equity investments</b>	<b>36</b>	<b>166,384</b>	<b>172,759</b>
<b>VIII.</b>	<b>Operating expenses</b>	<b>37</b>	<b>(9,826,686)</b>	<b>(9,413,764)</b>
<b>IX.</b>	<b>Net profit from operating activities before credit provision expenses</b>		<b>11,204,442</b>	<b>11,874,045</b>
<b>X.</b>	<b>Provision expenses for credit losses</b>		<b>(3,901,965)</b>	<b>(4,123,423)</b>
<b>XI.</b>	<b>Profit before tax</b>		<b>7,302,477</b>	<b>7,750,622</b>
7.	Chi phí thuế TNDN hiện hành	38	(1,575,269)	(1,942,644)
<b>XII.</b>	<b>Chi phí thuế TNDN</b>	<b>38</b>	<b>(1,575,269)</b>	<b>(1,942,644)</b>
<b>XIII.</b>	<b>Lợi nhuận sau thuế TNDN</b>		<b>5,727,208</b>	<b>5,807,978</b>
<b>XIV.</b>	<b>Lợi ích của cổ đông thiểu số</b>		<b>15,096</b>	<b>15,529</b>
<b>XV.</b>	<b>Lợi nhuận thuần của chủ sở hữu</b>		<b>5,712,112</b>	<b>5,792,449</b>
<b>XVI.</b>	<b>Lãi cơ bản trên cổ phiếu (VND)</b>	<b>39</b>	<b>1,266</b>	<b>1,504</b>

Preparer

Approver

Approver



**Le Nhu Hoa**  
Head of Financial Accounting  
Management Department  
20 March 2015

**Nguyen Hai Hung**  
Chief Accountant

**Nguyen Van Du**  
Deputy General Director

## 5 Consolidated cash flow statement

For the year ended 31 December 2014

FORM B 04/TCTD-HN  
Unit: Million VND

NO.	ITEMS	2014	2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
01.	Interest and similar income	38,409,812	42,191,450
02.	Interest and similar expenses	(22,092,801)	(25,292,411)
03.	Income from services	1,449,458	1,547,844
04.	Net gain from trading foreign currencies, gold and securities	552,849	493,474
05.	Other expenses	(603,528)	(112,156)
06.	Receipts from debts written-off or paid off by risk fund	1,203,022	1,264,542
07.	Payments to employees and for operating management	(9,174,208)	(8,910,917)
08.	Corporate income tax paid	(1,620,769)	(2,279,367)
	<b>Net cash from operating profit before movements in assets and working capital</b>	<b>8,123,835</b>	<b>8,902,459</b>
	<b>Movement in operating assets</b>	<b>(71,724,402)</b>	<b>(57,264,883)</b>
09.	Decrease in deposit at and loans to other credit institutions	5,761,295	2,412,018
10.	(Increase) in trading securities	(5,889,301)	(10,674,243)
11.	Decrease/(Increase) in derivatives and others financial assets	164,334	(89,883)
12.	(Increase) in loans to customers	(69,972,844)	(42,932,876)
13.	(Increase) in provisions for losses	(1,928,993)	(4,576,049)
14.	Decrease/(Increase) in other operating assets	141,107	(1,403,850)
	<b>Movement in operating liabilities</b>	<b>82,085,841</b>	<b>50,652,387</b>
15.	Increase/(Decrease) in borrowings from the Government and the State Bank of Vietnam	4,584,032	(2,638,003)
16.	Increase/(Decrease) in deposits and borrowings from other credit institutions	23,305,116	(16,350,052)
17.	Increase in deposits from customers (including State Treasury)	59,684,172	75,391,694
18.	(Decrease) in valuable papers (excluding valuable papers charged to financial activities)	(11,270,693)	(12,104,463)
19.	(Decrease) in grants, trusted funds and borrowings at risk of the credit institution	(402,826)	(802,189)
20.	Increase in derivatives and other financial liabilities	415,779	-
21.	Increase in other operating liabilities	5,770,296	7,155,530
22.	Cash outflows from reserves of the credit institution	(35)	(130)
<b>I.</b>	<b>Net cash from operating activities</b>	<b>18,485,274</b>	<b>2,289,963</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
01.	Acquisition of fixed assets	(3,205,082)	(3,225,179)
02.	Proceeds from sales, disposal of fixed assets	1,250,544	7,322
03.	Expenses on sales, disposal of fixed assets	(1,749)	(6,844)
04.	Investment in other entities	-	(296,869)
05.	Proceeds from investments in other entities	10,000	5,000
06.	Dividends and profit received from long-term investments and capital contribution	18,873	339,294
<b>II.</b>	<b>Net cash (used in) investing activities</b>	<b>(1,927,414)</b>	<b>(3,177,276)</b>

## Consolidated cash flow statement (Continued)

For the year ended 31 December 2014

FORM B 04/TCTD-HN  
Unit: Million VND

NO.	ITEMS	2014	2013
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
01.	Increase in share capital from issuing stocks	-	19,985,769
02.	Dividends paid	(3,734,193)	(4,194,807)
03.	Receipts from selling treasury shares	13,087	-
<b>III.</b>	<b>Net cash (used in)/from financing activities</b>	<b>(3,721,106)</b>	<b>15,790,962</b>
<b>IV.</b>	<b>Net increase in cash</b>	<b>12,836,754</b>	<b>14,903,649</b>
V.	Cash and cash equivalents at the beginning of the year	74,215,984	59,313,988
<b>VI.</b>	<b>Effects of changes in foreign exchange rates</b>	<b>11,910</b>	<b>(1,653)</b>
<b>VII.</b>	<b>Cash and cash equivalents at the end of the year (Note 40)</b>	<b>87,064,648</b>	<b>74,215,984</b>

Preparer

Approver

Approver



**Le Nhu Hoa**  
Head of Financial Accounting  
Management Department  
20 March 2015

**Nguyen Hai Hung**  
Chief Accountant

**Nguyen Van Du**  
Deputy General Director

## 6 Notes to the consolidated financial statements

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

FORM B 05/TCTD-HN

### 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 337,162,100.

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

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

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

Accordingly, as at 31 December 2014, the Bank’s charter capital is VND 37,234,046 million.

## 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

### 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 2014, the Bank has one (01) Head Office, one (01) Main Operation Center, four (04) administrative units, two (02) local representative offices, one (01) overseas representative office in Myanmar and one hundred and fifty two (152) branches (including three (03) overseas branches).

#### Subsidiaries

As at 31 December 2014, the Bank has seven (7) subsidiaries as follows:

No.	Name	Established in accordance with Decision No.	Business sector	% of ownership held by the Bank
1	VietinBank Leasing Company Ltd.	0101047075/GP dated 10 March 2011 by Hanoi Authority for Planning and Investment Department	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 Jewellery Trading Company Ltd.	0105011873/GP dated 25 November 2010 by Hanoi Authority for Planning and Investment Department	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 Department	Money transfer intermediary	100%

#### Employees

The total number of employees of the Bank as at 31 December 2014 is 19,787 (as at 31 December 2013: 19,886).

## 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

### 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, results of operations and the cash flows of the Bank and its subsidiaries. With regards to the earnings per share, the Bank presented the items in unit as shown in Note 39.

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 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. Circular 02 takes effect from 01 June 2014 with certain articles taking effect after 01 June 2014. The Bank applies Circular 02 for its consolidated financial statements for year ended 31 December 2014.

Some main changes in those Circulars which have significant effects on the Bank's consolidated financial statements during the year are as follows:

- Extend the scope of assets exposed to credit risk to be classified and made provision including costs and entrusted amount for purchase of corporate bonds unlisted on the stock market or unregistered for trading on the trading market of unlisted public companies (Upcom), excluding entrusted amount for purchase of unlisted bonds whereby the trustor bear risks; entrusted credit facility; deposits, except demand deposits,

## 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

### 3. Adoption of new accounting guidance (Continued)

at domestic credit institutions and Vietnam-based foreign bank branches as provided by law, and deposits at foreign credit institutions;

- Tighten regulations relating to amount of collaterals to be deducted such as: collaterals fully satisfy the conditions specified by the law on secured transactions; collaterals with high value (over VND 50 billion for loans to customers being related parties of the Bank and the entities subject to credit extension limits specified in the Law on Credit Institutions 2010; VND 200 billion or more for others) must be valued by an organisation with the valuation function as defined by law. The Bank has to assess collaterals on a periodical basis as provided by law to guarantee that the value of collaterals is tied with the market value when setting aside specific provisions as stipulated under this Circular;
- With regard to internal credit-rating system, Circular 02 provides more detailed regulations on the internal credit-rating systems's principles, in which an internal credit-rating system must be built specifically for each type of customers, including those subject to credit extension limits and their related parties;
- With regard to methods and principles of classification, Circular 02 supplements specific classification principles concerning off-balance sheet commitments, entrusted credit facility not yet disbursed by the entrusted party under the entrustment contract, loans sold with the payment not yet made, purchased loans; costs and entrusted amount for purchase of corporate bonds of an unlisted entities, violated loans;
- With regard to classification of loans and off-balance sheet commitments, Circular 02 supplements some types of loan which are immediately classified to Group 3 and does not require risk provisioning for off-balance sheet commitments. Accordingly, off-balance sheet commitments must be classified in accordance with Circular 02 for management and supervision of the quality of credit activities;
- With regard to classification of rescheduled loans, the Bank is allowed to classify it in its pre-rescheduled classification group until 01 April 2015 with more strict conditions. The Bank shall have to issue internal regulations on monitoring, supervising the reschedule and classification of the rescheduled loans that are classified in their pre-rescheduled classification group, managing the structure and reason for implementation of rescheduling. However, each rescheduled loan is kept in its pre-rescheduled classification group for once only. The Bank has to perform frequent review and assessment on the repayment capability of customers after the loan is rescheduled and classified in its pre-rescheduled classification group. The Bank is not allowed to continue rescheduling after the loans to customers who are unable to conduct payment according to the rescheduled repayment term.

## 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

### 3. Adoption of new accounting guidance (Continued)

The application of those Circulars affects certain items on the Bank's consolidated financial statements for the year ended 31 December 2014 as follows:

Items	In accordance with previous regulations on classification of loans, risk provisioning levels	In accordance with new regulations on classification of loans, risk provisioning levels	Effects of the application of Circular 02 and Circular 09
<b>Placements with and loans to other credit institutions</b>	There is no specific regulation on classification of assets, risk provisioning levels.	Supplement regulations on classification of assets and risk provisioning levels for deposits and loans to at other credit institutions, except demand deposits.	Classification of assets and risk provisioning are made in accordance with Circular 02 and Circular 09, except for demand deposits.
<b>Trading securities</b>	There is no specific regulation on classification of assets and risk provisioning for unlisted corporate bonds.	Supplement regulations on classification of assets and risk provisioning for cost and entrusted amount for purchase of corporate bonds unlisted on the stock market or unregistered for trading on the trading market of unlisted public companies (Upcom), excluding entrusted amount for purchase of unlisted bonds whereby the trustors bear risks.	Classification of assets and risk provisioning are made in accordance with Circular 02 and Circular 09 for balances of unlisted corporate bonds.
<b>Loans to customers</b>	Classification of loans and risk provisioning under Decision 493, Decision 18 and Decision 780.	Decision 493, Decision 18, and Decision 780 are superseded; Circular 02 and Circular 09 take effect in replacement.	Classification of assets and risk provisioning are made in accordance with Circular 02 and Circular 09. Basically, classification of loans under Circular 02 and Circular 09 is slightly different from previous regulations such as: supplementing regulations on classification of loans which violate regulations on subjects of credit extension, purposes of loans, or credit limit; reducing challenging period for a customer, supplementing conditions and effective period, limiting the times of rescheduling and keeping loan classification in its pre-rescheduled classification group (only 01 time), etc.

## 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

### 3. Adoption of new accounting guidance (Continued)

Items	In accordance with previous regulations on classification of loans, risk provisioning levels	In accordance with new regulations on classification of loans, risk provisioning levels	Effects of the application of Circular 02 and Circular 09
<b>Investment securities</b>	There is no specific regulation on classification of assets and risk provisioning for unlisted corporate bonds.	Supplement regulations on classification of assets and risk provisioning levels for amounts for cost and entrusted amount for purchase of corporate bonds unlisted on the stock market or unregistered for trading on the trading market of unlisted public companies (Upcom), excluding entrusted amount for purchase of unlisted bonds whereby the trustor bear risks.	Classification of assets and risk provisioning are made in accordance with Circular 02 and Circular 09 for balances of unlisted corporate bonds.
<b>Other assets</b>	There is no specific regulation on classification of assets and risk provisioning for entrusted amount for purchase of corporate bonds unlisted on the stock market or unregistered for trading on the trading market of unlisted public companies (Upcom); entrusted credit facilities.	Supplement regulations on classification of assets and risk provisioning for entrusted amount for purchase of corporate bonds unlisted on the stock market or unregistered for trading on the trading market of unlisted public companies (Upcom); payments on behalf of customer under off-balance sheet commitments; entrusted credit facilities.	Classification of assets and risk provisioning for payments on behalf of customer under off-balance sheet commitments; entrusted credit facilities are made in accordance with Circular 02 and Circular 09.
<b>Other liabilities</b>	Risk provisioning for off-balance sheet commitments is made based on classification of loans under Decision 493 and Decision 18.	Supersede Decision. 493 and Decision 18. Off-balance sheet commitments must be classified in accordance with Circular 02 for management and supervision of the quality of credit activities.	Off-balance sheet commitments are classified in accordance with Circular 02 for management and supervision of the quality of credit activities. However, there is no requirement of provision-making for off-balance sheet commitments.
<b>Off-balance sheet commitments</b>			

Moreover, some certain articles in Circular 02 will take effect after the financial year ends. The Board of Management of the Bank is considering the extent of impact of adopting those articles on the Bank's consolidated financial statements for future accounting periods.

## 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

### 3. Adoption of new accounting guidance (Continued)

#### Circular No. 10/2014/TT-NHNN

On 20 March 2014, the State Bank of Vietnam issued Circular No. 10/2014/TT-NHNN ("Circular 10") on the amendment and supplementation of several accounts in the account system of credit institutions issued in conjunction with Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 ("Decision 479") of the Governor of the State Bank.

The main changes in Circular 10 compared to Decision 479 are as follows:

- Supersede some accounts in the accounts system of credit institutions issued in conjunction with Decision No. 479;
- Supplement new accounts for specific transactions;
- Amend, supplement name and detailed accounting content of some accounts in the accounts system of credit institutions issued in conjunction with the Decision No. 479. Accordingly, comparative figures of some accounts those are changed in substance of accounting records are reclassified for comparison purposes (see details in Note 57).

### 4. New accounting guidance in issue but not yet effective

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".

On 31 December 2014, the State Bank of Vietnam (the "SBV") issued Circular No. 49/2014/TT-NHNN ("Circular 49") on the amendment and supplementation of several accounts in the accounting regime applicable to credit institutions issued in conjunction with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 and the accounting system of credit institutions issued in conjunction with Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 of the Governor of the State Bank. Circular 49 will come into effective on 15 February 2015.

The Board of Management evaluates that the application on these Circulars in the future may not have a material impact on the comparative figures of the Bank's consolidated financial statements.

### 5. 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.

## 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

### 5. Summary of significant accounting policies (Continued)

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and enterprises controlled by the Bank (its subsidiaries) on 31 December 2014. 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 in the net assets of consolidated subsidiaries are identified separately from the Bank's equity therein. 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 applicable to the non-controlling shareholders in excess of the non-controlling interests in the subsidiary's equity are allocated against the interests of the Bank except to the extent that the non-controlling shareholder has a binding obligation and is able to make an additional investment to cover the losses

#### Business combinations

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 period of acquisition.

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

#### 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.

## 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

### 5. Summary of significant accounting policies (Continued)

Goodwill arising on the acquisition of jointly controlled entities is included within 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 remaining 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) and securities which are expected to be realised or matured not exceeding three months from the date of purchase.

#### Loans to customers

Loans to customers are disclosed at their principal amounts outstanding 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 Risks Settlement Committee in order to decide the use of provision against credit risks in the following cases:

- Customers are legal entities that are liquidated or go bankrupt, or an individual who pass away or are missing;
- Loans which are classified under Group 5

#### Provision for credit losses

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

- Loans;
- Finance lease;
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit facilities under form of credit card issuance;
- Payments on behalf customer 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;

## 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

### 5. Summary of significant accounting policies (Continued)

- Deposits (excluding demand deposits) at domestic credit institutions, Vietnam-based foreign banks' branches as prescribed by law and deposits at foreign credit institutions.

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

Credit risk exposure of loans to customers is calculated by subtracting from the loan balance the related determined value of collateral which is subject to certain accepted discount rates in accordance with Circular 02.

Specific provision is made for the potential losses of each loan and established based on the net 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%

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 for payment at domestic credit institutions and Vietnam-based foreign bank branches as provided by law, and deposits at foreign credit institutions, 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 that 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 kinds of 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.

## 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

### 5. Summary of significant accounting policies (Continued)

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

#### 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 surplus 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 the consolidated income statement using the straight-line method over the investment period.

##### Bad debts trading transactions between Vietnam Asset Management Company ("VAMC") and credit institutions

Pursuant to Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 of the State Bank of Vietnam guiding the accounting treatment of the bad debts trading transactions between VAMC and credit institutions, when the Bank involves in bad debts selling transactions to receive special bonds from VAMC and the formal selling procedures are completed, the Bank will record the special bonds received from VAMC on the "Held-to-maturity investment securities" account. Periodically, the Bank shall determine and make provision for impairment of those special bonds in accordance with the regulations stipulated in Decree No. 53/2013/ND-CP dated 18 May 2013 of the Government and Circular No. 19/2013/TT-NHNN dated 06 September 2013 of the State Bank of Vietnam. Accordingly, during the term of the special bonds, the Bank shall record the provision for impairment of those special bonds in the operating expenses. Within 05 working days prior to the date corresponding to the maturity date of the special bond, the Bank shall make specific minimum provision for each special bond calculated on annual basic by the following formula:

$$\text{Annual provision} = \text{Face value of the special bond} / \text{Term of the special bond}$$

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

## 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

### 5. Summary of significant accounting policies (Continued)

The special bonds are redeemed in the following cases:

- a) The loan loss provision for special bonds is not lower than the carrying amount of outstanding principal of the bad debts being recorded by VAMC, including the cases below:
  - (i) VAMC sells bad debts to other organizations and individuals, including the bad debts bought with special bonds to debt-selling credit institutions at market prices or agreed prices;
  - (ii) VAMC converts all bad debts bought into charter capital, share capital of borrowers being companies
- b) The special bonds are matured.

When the special bonds are redeemed and the Bank receives the previously sold debts from VAMC, the Bank might use the provision made annually for special bonds to settle bad debts. The difference between provisions made for special bonds and unrecoverable amount of debts is recorded as "Other operating income" in the income statement.

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

Available-for-sale investment securities include debt and equity securities that the Bank holds for investment purpose and that are ready for sale. These securities are not frequently traded but could be sold at any time once they are profitable, and the Bank is neither founding shareholder 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..

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

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

## 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

### 5. Summary of significant accounting policies (Continued)

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

Except for cases above, provisions for impairment of such securities are made in accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 and Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance. Accordingly, for listed securities, the Bank determined the value of the investments using closing prices in the active market as at the balance sheet date; for unlisted and liquid equity securities, the Bank collected direct quotations from three securities companies having charter capital more than VND 300 billion each at the end of the financial 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 Banks' 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).

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.

#### **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.

## 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

### 5. Summary of significant accounting policies (Continued)

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.

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

Assets	Estimated useful lives (Years)
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 and together with their disposal expense is recognised in the consolidated income statement.

#### Intangible assets and amortisation

Intangible assets comprise land use rights, computer software 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.

## 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

### 5. Summary of significant accounting policies (Continued)

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.

#### 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.

#### 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, 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.

#### 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, 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.

## 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

### 5. Summary of significant accounting policies (Continued)

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 accounting period are made based on the following provision rates applied to receivables as at the balance sheet date after deducting the value of evaluated collaterals

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

#### Capital and reserves

##### Common stocks

Common stocks are classified as owners' equity.

##### Share premium

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

##### Treasury shares

When issued stocks are repurchased, the aggregate amount paid, including expenses that directly relate to the repurchase of stocks, after deducting taxes, is recorded as treasury shares and are 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 reserves: 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 the following subsidiaries' reserves are appropriated base on related regulation:

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

## 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

### 5. Summary of significant accounting policies (Continued)

- Charter capital supplementary reserves: 5% of profit after tax, not exceeding 10% of 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.: resevers are appropriated from profit after tax based on Decree No. 46/2007/ND-CP issued by the Government dated 27 March 2007, the rate is as follow:
- 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 principals and interest on time and the Bank shall not 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 group 2 to group 5 is not recognised in the consolidated income statement for the year. Accrued interest income of such loans is recorded as off-balance sheet item and is only recognised in the consolidated income statement when it is actually received.

##### 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:

- the Bank has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Bank retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Bank; and
- 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:

## 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

### 5. Summary of significant accounting policies (Continued)

- (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 year; and
- Add reinsurance commission which is recognised in line with the recognition of respective reinsurance premium.

#### **Dividend recognition**

Cash dividends received from investment activities are recorded in the consolidated income statement when the Bank's right to receive dividends has been established. Stock dividends, which are distributed from profits of joint-stock companies, are not recognised in the consolidated financial statements according to Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance.

#### **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 accounting period are considered as deferred expense and accounted in claim reserve.

#### **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 issued by the Ministry of Finance.

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

Income and expense from other services are recognised on cash basis, except for income from guarantee fee is recognised on the accrual basis.

#### **Foreign currencies**

According to the Bank's accounting system, all transactions are recorded in the original currency. Income and expense arising in foreign currency during the period are translated into VND at interbank exchange rate quoted by the State Bank of Vietnam for USD and at bank transfer rate for other foreign currencies at the end of the transaction date. Monetary assets and liabilities and the balance of equity reserves at foreign branches denominated in foreign currencies as at the balance sheet date are translated into VND using the above exchange rate as at the balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December 2014 in Note 56). 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. Foreign exchange differences arising from the revaluation of the balance of equity reserves at foreign branches are recognised in "Foreign exchange reserves".

For the purpose of preparing consolidated financial statements, assets and liabilities of 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 financial year. Income and expenses are translated at

## 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

### 5. Summary of significant accounting policies (Continued)

the average exchange rate during the year; in circumstances of significant fluctuation, those are translated at the exchange rates at the transaction date. All foreign exchange differences, if any, are classified as equity and recorded as "Foreign exchange reserves". Foreign exchange reserves is recognised into the consolidated income statement when investment in joint venture is disposed.

#### **Other provisions**

Other provisions are recognised when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Other provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the 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 year (including loss carried forward, if any) and it further excludes items that are non-taxable or non-deductible.

Deferred tax is recognised on temporary differences between carrying amounts of assets and liabilities in the 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 period 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.

#### **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 pay based on the actual average of monthly salary and inflation allowance of

## 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

### 5. Summary of significant accounting policies (Continued)

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*

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

#### *Unemployment allowance*

In accordance with Circular No. 04/2009/TT-BLDTBXH dated 22 January 2009 providing guidance for implementation of Decree No. 127/2008/ND-CP dated 12 December 2008 on Unemployment Insurance, since 01 January 2009, the Bank has contributed to the Unemployment Insurance Fund an amount equal to 1% of their 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 currencies at the end of the transaction date and recorded in foreign exchange reserve and then transferred to "Net gain/loss from trading foreign currencies" at the balance sheet date.

##### ***Currency option contracts***

Commitment amount for the currency option contracts is not recognised in the 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:

## 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

### 5. Summary of significant accounting policies (Continued)

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

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

## 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

### 6. Cash, gold and gemstones

	31/12/2014	31/12/2013
	million VND	million VND
Cash in VND	3,989,948	2,334,912
Cash in foreign currencies	605,367	489,813
Valuable papers in foreign currencies	1,423	1,818
Monetary gold	34,002	6,953
	<b>4,630,740</b>	<b>2,833,496</b>

### 7. Blance with the State Bank of Vietnam ("SBV")

	31/12/2014	31/12/2013
	million VND	million VND
Current account at the State Bank of Vietnam in VND	7,357,366	7,387,231
Current account at the State Bank of Vietnam in foreign currencies	2,519,085	2,772,333
	<b>9,876,451</b>	<b>10,159,564</b>

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 details, according to Decision No. 379/QD-NHNN dated 24 February 2009, Decision No. 1925/QD-NHNN dated 26 August 2011 and Decision No. 1972/QD-NHNN dated 31 August 2011:

Compulsory reserve balances for VND deposits applicable to credit institutions as at 31 December 2014 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 2014 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 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)

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

### 8. Placements with and loans to other credit institutions

	31/12/2014	31/12/2013
	million VND	million VND
<b>Placements with other credit institutions</b>		
Demand deposits	12,926,088	12,583,806
- In VND	6,526,647	5,443,961
- In foreign currencies and gold	6,399,441	7,139,845
Term deposits	54,235,974	46,936,875
- In VND	43,898,000	38,076,000
- In foreign currencies and gold	10,337,974	8,860,875
	<b>67,162,062</b>	<b>59,520,681</b>
<b>Loans to other credit institutions</b>		
Loans in VND	4,978,432	9,066,000
Loans in foreign currencies and gold	3,293,130	4,595,254
	<b>8,271,562</b>	<b>13,661,254</b>
Provision for credit losses of loans to other credit institutions (*)	-	(102,459)
	<b>75,433,624</b>	<b>73,079,476</b>

(\*) As at 31 December 2014, the Bank has graded term deposits with and loans to other credit institutions using the following risk classifications: *Current, Special-mentioned, Sub-standard, Doubtful and Loss* based on the overdue status under Article 10 of Circular 02 and other qualitative factors of placements and loans. Accordingly, as at 31 December 2014, the term deposits with and loans to other credit institutions are graded in current group and there is no need to make specific provision for them. In addition, Circular 02 does not require the Bank to make general provision for these term deposits with and loans to other credit institutions.

Provision for credit losses of loans to other credit institutions as at 31 December 2013 represents the amount of general provision for loans to other credit institutions under Circular 493.

## 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

### 9. Derivative financial instruments and other financial assets/liabilities

	Net book value (at the exchange rate as of the reporting date)	
	Assets million VND	Liabilities million VND
<b>As at 31/12/2014</b>		
<b>Currency derivative financial instruments</b>	-	<b>415,778</b>
Forward contracts	-	428,012
Swap contracts	-	(12,234)
Future contracts	-	-
<b>As at 31/12/2013</b>		
<b>Currency derivative financial instruments</b>	<b>164,334</b>	-
Forward contracts	78,808	-
Swap contracts	82,545	-
Future contracts	2,981	-

### 10. Loans to customers

	31/12/2014 million VND	31/12/2013 million VND
Loans to local business entities and individuals	434,346,458	371,541,653
Discounting promissory notes and valuable papers	516,404	562,909
Finance leases	1,443,362	1,381,985
Payments made on behalf of customers	36,218	30,445
Loans by grants, investment trusts	1,081,585	1,336,736
Loans to foreign organisations and individuals	2,445,000	1,435,240
	<b>439,869,027</b>	<b>376,288,968</b>

#### Analysis of loan balances by quality

	31/12/2014 million VND	31/12/2013 million VND
Current loans	431,193,296	369,774,495
Special-mentioned loans	3,770,580	2,744,180
Sub-standard loans	351,923	515,442
Doubtful loans	2,468,319	1,005,801
Loss loans	2,084,909	2,249,050
	<b>439,869,027</b>	<b>376,288,968</b>

## 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

### 10. Loans to customers (Continued)

#### Analysis of loan balances by term

	31/12/2014 million VND	31/12/2013 million VND
Short-term loans	263,705,167	227,697,332
Medium-term loans	39,684,156	32,972,090
Long-term loans	136,479,704	115,619,546
	<b>439,869,027</b>	<b>376,288,968</b>

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.

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

	31/12/2014 million VND	31/12/2013 million VND
State-owned enterprises	33,731,720	30,484,784
State-owned one-member limited enterprises	70,040,919	66,167,188
Two or more member limited liability enterprises with more than 50% of the State's share holding	2,599,293	2,595,327
Other limited companies	77,029,722	70,564,721
Joint stock companies with more than 50% of the State's share-holding	33,778,763	29,719,860
Other joint stock companies	112,903,580	90,990,932
Partnership companies	39,479	265,660
Private companies	13,672,192	12,264,929
Foreign invested enterprises	19,387,693	12,329,285
Cooperatives, cooperative unions	1,784,852	1,868,725
Household businesses, individuals	73,924,911	58,477,622
Administrative units, the Party, unions and associations	975,903	497,014
Others	-	62,921
	<b>439,869,027</b>	<b>376,288,968</b>

## 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

### 10. Loans to customers (Continued)

#### Analysis of loan balances by industry

	31/12/2014	31/12/2013
	million VND	million VND
Agricultural, forestry and aquaculture	14,810,445	11,284,962
Mining and quarrying	24,290,297	24,816,572
Manufacturing and processing	145,565,255	127,666,222
Electricity, fuel gas and hot water	27,936,030	25,737,569
Water supplying, garbage and sewage treatment and management	1,012,271	563,554
Construction	37,885,479	26,714,044
Wholesale and retail trade; repair of motor vehicles, motor cycles	126,330,108	107,208,518
Transport, warehouse	7,376,150	8,082,789
Hospitality services	3,231,545	2,415,838
Information and communications	1,400,003	1,531,201
Financial, banking and insurance activities	69,581	34,353
Real estate	27,200,777	24,801,326
Profession, science and technology	74,400	97,017
Administrative activities and supporting services	451,464	342,722
Education and training	707,717	786,232
Health care and social work	1,985,292	1,813,510
Other service activities	7,600,063	6,065,515
Households	11,128,888	5,724,329
International organisations and bodies	602,559	213,338
Others	210,703	389,357
	<b>439,869,027</b>	<b>376,288,968</b>

The Bank classifies 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.

## 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

### 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 2014:

	General provision	Specific provision	Total
	million VND	million VND	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	3,378,822	3,910,584
Provision utilised for the year	-	(2,864,862)	(2,864,862)
<b>As at 31/12/2014</b>	<b>3,159,793</b>	<b>1,186,155</b>	<b>4,345,948</b>

As at 31 December 2014, the Bank classifies the loans under Article 10 of Circular 02, Circular 09 and other related regulations of competent state authorities. Provision for credit losses as at 31 December 2014 is made based on the loan classification as at 30 November 2014.

As at 31 December 2013, the Bank classifies the loans under Article 6 of Decision 493, Decision 18, Decision 780 and other related regulations of competent state authorities.

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 2013 is as follows:

	General provision	Specific provision	Total
	million VND	million VND	million VND
<b>As at 01/01/2013</b>	<b>2,299,619</b>	<b>1,373,635</b>	<b>3,673,254</b>
Provision charged for the year	328,412	3,874,609	4,203,021
Provision utilised for the year	-	(4,576,049)	(4,576,049)
<b>As at 31/12/2013</b>	<b>2,628,031</b>	<b>672,195</b>	<b>3,300,226</b>

## 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

### 12. Trading securities

	31/12/2014 million VND	31/12/2013 million VND
<b>Debt securities</b>	<b>3,595,310</b>	<b>633,425</b>
- Government bonds	3,595,310	633,425
<b>Equity securities</b>	<b>59,023</b>	<b>24,268</b>
- Equity securities issued by other local credit institutions	14,784	7,923
- Equity securities issued by local business entities	44,239	16,345
	<b>3,654,333</b>	<b>657,693</b>
Provisions for impairment of trading securities	(6,436)	(2,626)
	<b>3,647,897</b>	<b>655,067</b>

#### Listing status of trading securities

	31/12/2014 million VND	31/12/2013 million VND
<b>Debt securities</b>		
Government bonds		
- Listed	3,595,310	633,425
<b>Equity securities</b>		
Equity securities issued by other local credit institutions		
- Listed	14,784	7,923
Equity securities issued by local business entities		
- Listed	21,888	9,664
- Unlisted	22,351	6,681
	<b>3,654,333</b>	<b>657,693</b>

## 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

### 13. Investment securities

	31/12/2014 million VND	31/12/2013 <sup>(*)</sup> million VND
<b>Available-for-sale investment securities</b>	<b>87,338,962</b>	<b>79,908,691</b>
<b>Debt securities</b>	<b>87,294,939</b>	<b>79,864,668</b>
- Government bonds	41,999,430	45,703,748
- Debt securities issued by other local credit institutions	8,225,653	4,267,446
- Debt securities issued by local business entities	37,069,856	29,893,474
<b>Equity securities</b>	<b>44,023</b>	<b>44,023</b>
- Equity securities issued by local business entities	44,023	44,023
<b>Provisions for impairment of available-for-sale investment securities</b>	<b>(256,257)</b>	<b>(132,345)</b>
	<b>87,082,705</b>	<b>79,776,346</b>
Held-to-maturity investment securities	<b>6,708,858</b>	<b>2,586,748</b>
Government bonds	2,200,000	2,200,000
Debt securities issued by local business entities	4,508,858	386,748
<b>Provisions for impairment of held-to-maturity investment securities</b>	<b>(387,153)</b>	<b>(2,901)</b>
	<b>6,321,705</b>	<b>2,583,847</b>
<b>Total</b>	<b>93,404,410</b>	<b>82,360,193</b>

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

(\*\*) As at 31 December 2014, the Bank has discounted a number of Government bonds with a value of VND 3,070,000 million to borrow from the State Bank of Vietnam (see Note 21) and pledged a number of Government bonds with value of VND 1,126,088 million in order to guarantee the borrowings from other credit institutions (see Note 22).

### 14. Provision for impairment of investment securities

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

	Provision for available-for-sale investment securities			Provision for held-to-maturity investment securities		Total
	Debt securities issued by unlisted business entities	Other debt securities	Equity securities	Debt securities issued by unlisted business entities	Other debt securities	
	million VND	million VND	million VND	million VND	million VND	million VND
<b>As at 01/01/2014</b>	<b>104,543</b>	<b>-</b>	<b>27,802</b>	<b>2,901</b>	<b>-</b>	<b>135,246</b>
Provision charged/(reversed) for the year	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>

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

## 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. Provision for impairment of investment securities (Continued)

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

	General provision	Specific provision	Total
	million VND	million VND	million VND
<b>As at 01/01/2014</b>	<b>107,444</b>	-	<b>107,444</b>
Provision charged 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>

As at 31 December 2014, the Bank has classified the debt securities of unlisted business entities under Article 10 of Circular 02 and Circular 09. Provision for debt securities of unlisted business entities as at 31 December 2014 is made based on the loan classification as at 30 November 2014.

As at 31 December 2014, balance of debt securities of unlisted business entities is all classified as current loan.

Balance of provision as at 31 December 2013 represents the amount of general provision of debt securities of business entities under Circular No. 28/2011/TT-NHNN dated 01 September 2011 issued by the State Bank of Vietnam.

Movement in provision for impairment of debt securities of unlisted business entities for the year ended 31 December 2013 is as follows:

	General provision	Specific provision	Total
	million VND	million VND	million VND
<b>As at 01/01/2013</b>	<b>46,320</b>	-	<b>46,320</b>
Provision reversed for the period	61,124	-	61,124
<b>As at 31/12/2013</b>	<b>107,444</b>	-	<b>107,444</b>

### 15. Long-Term Investments

	31/12/2014	31/12/2013 (*)
	million VND	million VND
Investments in joint ventures	2,843,745	2,795,383
Other long-term investments	1,030,326	1,040,326
Provisions for impairment of long-term investments	(89,164)	(80,351)
	<b>3,784,907</b>	<b>3,755,358</b>

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

## 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

### 15. Long-term investments (Continued)

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

	31/12/2014			31/12/2013		
	Cost in original currency	Net value of investment using equity method	Proportion of ownership interest	Cost in original currency	Net value of investment using equity method	Proportion of ownership interest
	USD	million VND	%	million VND	million VND	%
Indovina Bank Ltd.	96,500,000	2,420,666	50	1,688,788	2,358,036	50
Vietinbank Aviva Life Insurance Company Limited	Non applicable	423,079	50	400,000	437,347	50
		<b>2,843,745</b>		<b>2,088,788</b>	<b>2,795,383</b>	

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

Since its establishment, the charter capital of Indovina Bank Ltd. has been increased several times under the approval of the SBV, while the proportions of ownership interest of the joint venture partners remains unchanged. As at 31 December 2014, Indovina Bank Ltd.'s charter capital was USD 193,000,000.

Vietinbank Aviva Life Insurance Company Limited was established in Vietnam. 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 the 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)

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

### 16. Tangible fixed assets

Movement in tangible fixed assets for the year ended 31 December 2014 is as follows:

	Buildings, structures	Machinery, equipment	Motor vehicles	Others	Total
	million VND	million VND	million VND	million VND	million VND
<b>Cost</b>					
As at 01/01/2014	2,999,092	3,366,014	818,980	144,102	7,328,188
Acquisitions during the year	749,297	351,852	70,298	13,970	1,185,417
Transfer from construction in progress	464,343	29,305	1,675	17,298	512,621
Other additions	11,809	342,891	5,387	17,084	377,171
Disposals	(31,291)	(14,108)	(18,347)	(919)	(64,665)
Reclassification	-	883	-	(883)	-
Other decreases	(20,085)	(4,174)	(427)	(314)	(25,000)
<b>As at 31/12/2014</b>	<b>4,173,165</b>	<b>4,072,663</b>	<b>877,566</b>	<b>190,338</b>	<b>9,313,732</b>
<b>Accumulated depreciation</b>					
As at 01/01/2014	764,981	2,516,005	486,881	95,732	3,863,599
Charge for the year	206,756	493,041	108,888	23,818	832,503
Other additions	1,991	1,415	-	322	3,728
Disposals	(6,024)	(13,424)	(18,347)	(819)	(38,614)
Reclassification	-	527	-	(527)	-
Other decreases	(3,064)	(5,762)	(145)	(143)	(9,114)
<b>As at 31/12/2014</b>	<b>964,640</b>	<b>2,991,802</b>	<b>577,277</b>	<b>118,383</b>	<b>4,652,102</b>
<b>Net book value</b>					
<b>As at 31/12/2014</b>	<b>3,208,525</b>	<b>1,080,861</b>	<b>300,289</b>	<b>71,955</b>	<b>4,661,630</b>
<b>As at 31/12/2013</b>	<b>2,234,111</b>	<b>850,009</b>	<b>332,099</b>	<b>48,370</b>	<b>3,464,589</b>

## 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

### 16. Tangible fixed assets (Continued)

Movement in tangible fixed assets for the year ended 31 December 2013 is as follows:

	Buildings, structures	Machinery, equipment	Motor vehicles	Others	Total
	million VND	million VND	million VND	million VND	million VND
<b>Cost</b>					
As at 01/01/2013	1,950,223	3,830,342	738,073	158,316	6,676,954
Acquisitions during the year	675,533	213,691	95,774	12,691	997,689
Transfer from construction in progress	383,409	28,705	-	3,625	415,739
Other additions	16,182	7,142	2,190	521	26,035
Disposals	(10,796)	(21,383)	(14,521)	(986)	(47,686)
Reclassification	(51)	(680,581)	(671)	(28,911)	(710,214)
Other decreases	(15,408)	(11,902)	(1,865)	(1,154)	(30,329)
<b>As at 31/12/2013</b>	<b>2,999,092</b>	<b>3,366,014</b>	<b>818,980</b>	<b>144,102</b>	<b>7,328,188</b>
<b>Accumulated depreciation</b>					
As at 01/01/2013	568,974	2,636,346	405,859	94,737	3,705,916
Charge for the year	186,700	450,894	97,929	22,307	757,830
Other additions	14,029	2,141	111	130	16,411
Disposals	(3,525)	(20,114)	(14,521)	(960)	(39,120)
Reclassification	(23)	(552,292)	(628)	(19,242)	(572,185)
Other decreases	(1,174)	(970)	(1,869)	(1,240)	(5,253)
<b>As at 31/12/2013</b>	<b>764,981</b>	<b>2,516,005</b>	<b>486,881</b>	<b>95,732</b>	<b>3,863,599</b>
<b>Net book value</b>					
<b>As at 31/12/2013</b>	<b>2,234,111</b>	<b>850,009</b>	<b>332,099</b>	<b>48,370</b>	<b>3,464,589</b>
<b>As at 31/12/2012</b>	<b>1,381,249</b>	<b>1,193,996</b>	<b>332,214</b>	<b>63,579</b>	<b>2,971,038</b>

## 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

### 17. Intangible assets

Movement in intangible assets for the year ended 31 December 2014 is as follows:

	Land use rights million VND	Computer software million VND	Others million VND	Total million VND
<b>Cost</b>				
As at 01/01/2014	3,443,404	635,340	62	4,078,806
Acquisitions during the year	774,585	101,692	68	876,345
Other additions	16,992	131,249	-	148,241
Disposals	(250,170)	-	-	(250,170)
Other decreases	(658)	(752)	-	(1,410)
<b>As at 31/12/2014</b>	<b>3,984,153</b>	<b>867,529</b>	<b>130</b>	<b>4,851,812</b>
<b>Accumulated amortisation</b>				
As at 01/01/2014	98,954	364,005	48	463,007
Charge for the year	43,298	116,892	43	160,233
Other additions	2,538	15,870	-	18,408
Disposals	(4)	-	-	(4)
Other decreases	(107)	(260)	-	(367)
<b>As at 31/12/2014</b>	<b>144,679</b>	<b>496,507</b>	<b>91</b>	<b>641,277</b>
<b>Net book value</b>				
<b>As at 31/12/2014</b>	<b>3,839,474</b>	<b>371,022</b>	<b>39</b>	<b>4,210,535</b>
<b>As at 31/12/2013</b>	<b>3,344,450</b>	<b>271,335</b>	<b>14</b>	<b>3,615,799</b>

## 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

### 17. Intangible assets (Continued)

Movement in intangible assets for the year ended 31 December 2013 is as follows:

	Land use rights million VND	Computer software million VND	Others million VND	Total million VND
<b>Cost</b>				
As at 01/01/2013	2,217,168	426,476	58	2,643,702
Acquisitions during the year	1,210,518	213,195	-	1,423,713
Other additions	23,600	505	-	24,105
Reclassification	-	(3,819)	3	(3,816)
Other decreases	(7,882)	(1,017)	1	(8,898)
<b>As at 31/12/2013</b>	<b>3,443,404</b>	<b>635,340</b>	<b>62</b>	<b>4,078,806</b>
<b>Accumulated amortisation</b>				
As at 01/01/2013	63,341	274,728	18	338,087
Charge for the year	36,627	93,458	30	130,115
Other additions	132	220	-	352
Reclassification	-	(3,457)	-	(3,457)
Other decreases	(1,146)	(944)	-	(2,090)
<b>As at 31/12/2013</b>	<b>98,954</b>	<b>364,005</b>	<b>48</b>	<b>463,007</b>
<b>Net book value</b>				
<b>As at 31/12/2013</b>	<b>3,344,450</b>	<b>271,335</b>	<b>14</b>	<b>3,615,799</b>
<b>As at 31/12/2012</b>	<b>2,153,827</b>	<b>151,748</b>	<b>40</b>	<b>2,305,615</b>

## 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

### 18. Other receivables

	31/12/2014 Million VND	31/12/2013 Million VND
Construction in progress	3,998,655	3,586,286
Purchases and major repair of fixed assets	2,533,945	3,584,323
External receivables	2,910,703	3,012,302
Internal receivables	434,285	304,838
	<b>9,877,588</b>	<b>10,487,749</b>

#### Construction in progress

	31/12/2014 Million VND	31/12/2013 Million VND
Constructions in the Northern area	3,376,332	2,829,080
Constructions in the Central area	351,725	269,692
Constructions in the Southern area	270,598	487,514
	<b>3,998,655</b>	<b>3,586,286</b>

### 19. Other assets

	31/12/2014 Million VND	31/12/2013 Million VND
Investment in finance lease assets	-	184,094
Materials and tools	159,207	100,248
Prepaid expenses (*)	3,207,430	2,439,500
Goodwill (Note 20)	8,167	9,982
Other assets	1,996	48,224
	<b>3,376,800</b>	<b>2,782,048</b>

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

## Notes to the consolidated financial statements (Continued)

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

### 20. 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).

	2014 Million VND	2013 Million VND
Total goodwill	18,149	18,149
Amortisation period	10 years	10 years
Accumulated amortised goodwill as at the beginning of the year	(8,167)	(6,351)
Goodwill not yet amortised at the beginning of the year	9,982	11,798
<b>Goodwill decrease during the year</b>	<b>(1,815)</b>	<b>(1,816)</b>
- Amortised for the year	(1,815)	(1,816)
<b>Total goodwill not yet amortised at the end of the year</b>	<b>8,167</b>	<b>9,982</b>

### 21. Borrowings from the Government and the State Bank of Vietnam

	31/12/2014 Million VND	31/12/2013 Million VND
Borrowings for grants to State-owned enterprises	12,472	12,472
Loans under credit contracts	1,204,134	109,778
Discounting and rediscounting valuable papers (*)	3,499,384	-
Other borrowings	15,128	24,965
Current accounts held by the State Treasury	285	156
	<b>4,731,403</b>	<b>147,371</b>

(\*) Discounting and rediscounting valuable papers are guaranteed by Government bonds with a value of VND 3,070,000 million (see Note 13).

## 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

### 22. Deposits and borrowings from other credit institutions

	31/12/2014	31/12/2013
	Million VND	Million VND
<b>Demand deposits, gold from other credit institutions</b>	<b>1,527,952</b>	<b>3,994,723</b>
- In VND	840,325	1,307,889
- In gold and foreign currencies	687,627	2,686,834
<b>Term deposits, gold from other credit institutions</b>	<b>40,512,284</b>	<b>27,871,100</b>
- In VND	31,793,234	19,870,000
- In gold and foreign currencies	8,719,050	8,001,100
<b>Borrowings from other credit institutions (*)</b>	<b>61,729,629</b>	<b>48,598,926</b>
- In VND	13,745,375	21,180,000
- In gold and foreign currencies	47,984,254	27,418,926
	<b>103,769,865</b>	<b>80,464,749</b>

(\*) Including VND 1,282,375 million of borrowings from other credit institution which are guaranteed by Government bonds with a value of VND 1,126,088 million (see Note 13)

### 23. Deposits from customers

#### Analysis by the type of deposits

	31/12/2014	31/12/2013
	Million VND	Million VND
<b>Demand deposits, gold</b>	<b>62,210,531</b>	<b>63,017,080</b>
- Demand deposits in VND	52,459,324	51,594,652
- Demand deposits in gold, foreign currencies	9,751,207	11,422,428
<b>Term deposits, gold</b>	<b>347,134,294</b>	<b>290,016,677</b>
- Term deposits in VND	321,533,861	267,606,015
- Term deposits in gold, foreign currencies	25,600,433	22,410,662
<b>Deposits for specific purpose</b>	<b>2,164,979</b>	<b>2,774,113</b>
- Deposits for specific purpose in VND	851,876	1,204,954
- Deposits for specific purpose in foreign currencies	1,313,103	1,569,159
<b>Margin deposits</b>	<b>12,671,370</b>	<b>8,689,131</b>
- Margin deposits in VND	10,703,464	7,446,074
- Margin deposits in gold, foreign currencies	1,967,906	1,243,057
	<b>424,181,174</b>	<b>364,497,001</b>

## 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

### 23. Deposits from customers (continued)

#### Analysis by the type of customers and type of business entity

	31/12/2014	31/12/2013
	Million VND	Million VND
State-owned enterprises	46,235,872	59,405,114
State-owned one-member limited enterprises	39,797,204	21,532,717
Two or more member limited liability enterprises with more than 50% of the State's share-holding	670,143	892,888
Other limited companies	11,197,025	11,250,622
Joint stock companies with more than 50% of the State's share-holding	23,644,871	18,278,808
Other joint stock companies	18,220,195	18,103,247
Partnership companies	35,901	360,629
Private companies	948,468	1,088,135
Foreign invested enterprises	20,254,848	13,907,594
Cooperatives, cooperative unions	320,069	256,497
Household businesses, individuals	236,752,269	198,835,969
Administrative units, the Party, unions and associations	15,593,202	13,061,575
Others	10,511,107	7,523,206
	<b>424,181,174</b>	<b>364,497,001</b>

### 24. Grants, trusted funds and borrowings at risk of the credit institutions

	31/12/2014	31/12/2013
	Million VND	Million VND
Funds received from other organisations and individuals in VND	23,557,782	26,140,460
Funds received from other organisations and individuals in foreign currencies	4,128,638	1,697,188
Funds received from international organisations in VND	733,044	961,899
Funds received from international organisations in foreign currencies	3,602,229	3,624,972
	<b>32,021,693</b>	<b>32,424,519</b>

## 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

### 25. Valuable papers

	31/12/2014	31/12/2013
	Million VND	Million VND
Valuable papers in VND	4,430	10,503,919
Valuable papers in foreign currencies	5,289,643	6,060,847
	<b>5,294,073</b>	<b>16,564,766</b>

#### Details of valuable papers by term

	31/12/2014	31/12/2013
	Million VND	Million VND
<b>Certificate of deposit</b>		
Term under 12 months	982	11,314,652
Term from 12 months to under 5 years	6,235	23,934
<b>Bills</b>		
Term under 12 months	644	2,764
<b>Bonds</b>		
Term from 12 months to under 5 years	5,286,212	5,223,416
	<b>5,294,073</b>	<b>16,564,766</b>

### 26. Other liabilities

	31/12/2014	31/12/2013
	Million VND	Million VND
Interests and fees payable	5,749,315	4,365,827
Internal payables (Note 26.1)	2,898,636	3,299,820
External payables (Note 26.2)	26,763,755	19,811,865
Provision for off-balance sheet commitments (Note 26.3)	-	405,988
Other provisions	67,719	98,925
	<b>35,479,425</b>	<b>27,982,425</b>

## 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

### 26.1. Details of internal payables

	31/12/2014	31/12/2013
	Million VND	Million VND
Payables to employees	1,533,720	1,885,644
Payables relating to bonus and welfare funds	1,125,040	1,293,511
Others	239,876	120,665
	<b>2,898,636</b>	<b>3,299,820</b>

### 26.2. Details of external payables

	31/12/2014	31/12/2013
	Million VND	Million VND
Payments/receipts on behalf of other organisations	24,681,794	17,585,562
Amount due to customers and deferred payment	315,624	161,199
Corporate income tax payables	155,915	205,887
Other pending payments	631,128	903,246
Others payables related to securities activities	180,389	152,206
Other tax payables	234,331	75,018
Payables for insurance of deposit	82,539	70,177
Payables to the SBV from recovery of written-off bad debts	75,614	60,004
Payables relating to trade finance activities	10,085	6,021
Money transfer payables	149,019	95,746
Payables to building constructor	107,063	-
Other payables	140,254	496,799
	<b>26,763,755</b>	<b>19,811,865</b>

## 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

### 26.3. Movement of provision balance for off-balance sheet commitments

Movement of provision balance for off-balance sheet commitments for the year ended 31 December 2014 is as follows:

	General provision Million VND	Specific provision Million VND	Total Million VND
As at 01/01/2014	369,997	35,991	405,988
Provision (reversed) for the year	(369,997)	(35,991)	(405,988)
As at 31/12/2014	-	-	-

As at 31 December 2014, the Bank classified the off-balance sheet commitments in accordance with Article 10 of Circular 02, however, under Circular 02, the Bank is not required to make provision for off-balance sheet commitments. The balance as at 31 December 2013 represents the general and specific provision based on the off-balance sheet commitment classification according to Decision 493, Decision 18 and Decision 780.

Movement of provision balance for off-balance sheet commitments for the year ended 31 December 2013 is as follows:

	General provision Million VND	Specific provision Million VND	Total Million VND
As at 01/01/2013	331,443	78,390	409,833
Provision charged/(reversed) for the year	38,554	(42,399)	(3,845)
As at 31/12/2013	369,997	35,991	405,988

### 27. The bank's obligations to the state budget

	Movement in 2014			
	Opening balance Million VND	Payables Million VND	Paid Million VND	Closing balance Million VND
Value added tax	(88,306)	380,735	130,567	161,862
Corporate income tax	205,887	1,570,525	1,620,769	155,643
Other taxes	57,004	363,176	353,612	66,568
	174,585	2,314,436	2,104,948	384,073

## 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

### 28. Capital and reserves The movement in major items in owners' capital

	Charter capital Million VND	Share premium Million VND	Foreign exchange reserves Million VND	Financial reserve fund Million VND	Capital supplementary reserve Million VND	Retained earnings Million VND	Minority interest Million VND	Total Million VND
As at 01/01/2014	37,234,046	8,971,478	317,641	2,310,127	1,064,868	4,176,506	212,919	54,287,585
Profit for the year	-	-	-	-	-	5,712,112	15,096	5,727,208
Dividend payment of 2013	-	-	-	-	-	(3,723,405)	(10,788)	(3,734,193)
Appropriation to reserves for the previous year	-	-	-	2,467	2,467	(9,066)	(1,334)	(5,466)
Appropriation to reserves in the year	-	-	-	579,691	290,766	(1,870,457)	-	(1,000,015)
Increase due to financial statements translation for consolidation purpose	-	-	20,822	-	-	-	-	20,822
Other adjustments	-	3,292	-	(14)	-	(70,533)	9,477	(57,763)
As at 31/12/2014	37,234,046	8,974,770	338,463	2,892,271	1,358,101	4,215,157	225,370	55,238,178

As at 31 December 2014, the Bank had made temporary appropriation to reserves and profit distribution based on the operating results of 2014. The final approval of the appropriation to reserves in 2014 shall be made by the Shareholders' Annual General Meeting.

Resolution of the Shareholders' Annual General Meeting 2014 on 29 April 2014 approved the temporary appropriation to reserves as declared and decided to pay 2013 dividend of VND 3,723,405 million.

## 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

### 28. Capital and reserves (continued)

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

	31/12/2014		31/12/2013	
	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	8,974,770	non-applicable	8,971,478
	<b>3,723,404,556</b>	<b>46,208,816</b>	<b>3,723,404,556</b>	<b>46,205,524</b>

Details of the Bank's shares are as follows:

	31/12/2014	31/12/2013
	Unit	Unit
Number of registered shares for issue	3,723,404,556	3,723,404,556
Number of shares in circulation	3,723,404,556	3,723,404,556
- Ordinary shares	3,723,404,556	3,723,404,556
Par value of shares (VND)	10,000	10,000

### 29. Interest and similar income

	2014	2013
	Million VND	Million VND
Interest from deposits	2,121,688	912,616
Interest from loans to customers	29,847,298	34,491,642
Interest from debt securities	8,804,765	8,701,688
Interest from finance leases	168,652	171,928
Other income from credit activities	133,185	2,949
	<b>41,075,588</b>	<b>44,280,823</b>

## 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

### 30. Interest and similar expenses

	2014	2013
	Million VND	Million VND
Interest expense on deposits	20,639,317	20,279,031
Interest expense on borrowings	2,222,720	3,684,850
Interest expense on valuable papers issued	618,525	2,037,250
Expense on other credit activities	14,840	2,437
	<b>23,495,402</b>	<b>26,003,568</b>

### 31. Net gain from services

	2014	2013
	Million VND	Million VND
<b>Income from services</b>	<b>2,404,468</b>	<b>2,096,679</b>
Income from remittance services	1,140,287	1,041,561
Income from treasury and guarantee services	286,658	316,714
Income from trust and agency services	23,445	12,830
Others	954,078	725,574
<b>Expense on services</b>	<b>936,683</b>	<b>576,553</b>
Expense on remittance services	105,891	88,346
Expense from treasury services	159,134	139,946
Expense from trust and agency services	2,779	13,858
Others	668,879	334,403
<b>Net gain from services</b>	<b>1,467,785</b>	<b>1,520,126</b>

## 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

### 32. Net gain from trading foreign currencies

	2014	2013
	Million VND	Million VND
<b>Income from trading foreign currencies</b>	<b>3,308,798</b>	<b>5,121,228</b>
- Income from spot trading foreign currencies	1,616,882	735,093
- Income from trading gold	1,188,659	3,811,989
- Income from trading derivative financial instruments	503,257	574,146
<b>Expense from trading foreign currencies</b>	<b>2,922,259</b>	<b>4,829,778</b>
- Expenses from spot trading foreign currencies	405,072	473,893
- Expenses from trading gold	1,186,750	3,791,660
- Expense from trading derivative financial instruments	1,330,437	564,225
<b>Net gain from trading foreign currencies</b>	<b>386,539</b>	<b>291,450</b>

### 33. Net gain from trading securities held for trading

	2014	2013
	Million VND	Million VND
Income from trading of securities held for trading	199,533	40,796
Expense from trading of securities held for trading	(3,282)	(28,954)
Provision (charged)/reserved for impairment of securities held for trading	(3,828)	7,088
<b>Net gain from securities held for trading</b>	<b>192,423</b>	<b>18,930</b>

### 34. Net (loss)/gain from trading investment securities

	2014	2013 <sup>(*)</sup>
	Million VND	Million VND
Income from trading investment in available for sales securities	-	117,363
Expense from trading investment in available for sales securities	(29,763)	(11,473)
Provision (charged) for impairment of investment in available for sales securities	(123,912)	(59,914)
<b>Net (loss)/gain from investment securities</b>	<b>(153,675)</b>	<b>45,976</b>

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

## 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

### 35. Net gain from other activities

	2014	2013 <sup>(*)</sup>
	Million VND	Million VND
<b>Other operating income</b>	<b>3,742,898</b>	<b>1,931,677</b>
Income from recovery of bad debts	1,203,022	1,266,542
Income from disposals of assets <sup>(**)</sup>	2,108,598	7,322
Income from other derivatives	174,943	136,280
Other income	256,335	521,533
<b>Other operating expenses</b>	<b>2,351,412</b>	<b>970,364</b>
Expenses from other derivatives	192,586	154,897
Expenses from disposals of assets <sup>(**)</sup>	1,143,761	6,844
Other expenses	1,015,065	808,623
<b>Net gain from other activities</b>	<b>1,391,486</b>	<b>961,313</b>

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

(\*\*) Income and expense from disposals of assets in 2014 majorly comprises income and expense from transfer of the Bank's office

### 36. Income from capital contribution, equity investments

	2014	2013
	Million VND	Million VND
<b>Dividend in cash from capital contribution, equity investments</b>	<b>18,872</b>	<b>26,874</b>
- from equity securities investment	1,995	5,422
- from capital contribution, other long-term investment	16,877	21,452
<b>Share from net profit/loss under equity method of investments in joint ventures</b>	<b>147,512</b>	<b>145,885</b>
	<b>166,384</b>	<b>172,759</b>

## 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

### 37. Operating expenses

	2014	2013 <sup>(*)</sup>
	Million VND	Million VND
<b>Taxes, fees and charges</b>	<b>44,028</b>	<b>45,245</b>
<b>Staff cost</b>		
- Salaries and allowances	4,500,682	4,501,208
- Salary-based expenses	276,645	219,017
- Other benefits	47,979	90,836
- Other expenses	234,559	192,899
<b>Expenses for fixed assets</b>		
- Depreciation and amortisation expenses	992,736	887,945
- Others	1,005,902	871,193
<b>Expenses for operating management</b>		
- Per diem	152,209	141,711
- Expense for union activities	17,859	22,917
- Others	2,232,986	2,096,294
<b>Insurance premium for customers' deposit</b>	<b>312,672</b>	<b>271,150</b>
<b>Other operating expenses</b>	<b>8,429</b>	<b>73,349</b>
	<b>9,826,686</b>	<b>9,413,764</b>

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

## 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

### 38. Corporate income tax expenses ("CIT")

	2014	2013
	Million VND	Million VND
<b>Profit before tax</b>	<b>7,302,477</b>	<b>7,750,622</b>
<i>Adjustments for:</i>		
- Non-taxable dividend income	(12,472)	(23,527)
- Profit before tax of subsidiaries	(280,430)	(330,712)
- Income from increase in interest in joint ventures	(147,512)	(145,885)
- Changes in general provision for loans for consolidation	337	(3,576)
- Provision (charged)/reversed for debt securities has been exclude from prior year's deductible expenses	(104,623)	61,499
- Others	59,346	107,775
<b>Taxable income of the Holding Bank</b>	<b>6,817,123</b>	<b>7,416,196</b>
CIT expense of the Holding Bank	1,499,767	1,854,049
Overseas CIT expense of the Bank	12,726	5,899
CIT expense of subsidiaries	62,776	82,696
<b>CIT expense based on the taxable income</b>	<b>1,575,269</b>	<b>1,942,644</b>

## 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

### 39. Basic earnings per share (EPS)

	2014	2013
Earnings for the purpose of calculating basic EPS (million VND)	5,712,112	5,792,449
<i>Less: Bonus and welfare funds</i>	<i>1,000,000</i>	<i>1,100,000</i>
Earnings for the purpose of calculating basic EPS	4,712,112	4,692,449
Weighted average number of ordinary shares for the purpose of calculating basic earnings shares (share)	3,723,404,556	3,120,285,800
Basic earnings per share (VND)	1,266	1,504

### 40. Cash and cash equivalents

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

	31/12/2014	31/12/2013
	Million VND	Million VND
Cash, gold and gemstones <sup>(*)</sup>	4,630,740	2,833,496
Balances with the State Bank of Vietnam <sup>(*)</sup>	9,876,451	10,159,564
Current deposits at other credit institutions <sup>(*)</sup>	12,926,088	12,583,806
Placements with and loans to other credit institutions with terms of not exceeding 3 months	53,631,369	45,960,665
Securities with term of not exceeding 3 months from the date of purchase	6,000,000	2,678,453
	<b>87,064,648</b>	<b>74,215,984</b>

(\*) Balances of cash, gold and gemstones, balances with the State Bank of Vietnam and current deposits at other credit institutions are presented in Note 6, Note 7 and Note 8.

## 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

### 41. Employees' remunerations

	2014	2013
<b>I. Total number of employees (person)<sup>(*)</sup></b>	<b>19,787</b>	<b>19,886</b>
<b>II. Employees' income (million VND)</b>		
1. Total salary fund	4,500,682	4,501,208
2. Bonus	-	-
3. Other allowances	140,328	136,669
<b>4. Total income (1+2+3)</b>	<b>4,641,010</b>	<b>4,637,877</b>
5. Average monthly salary <sup>(**)</sup>	19,10	19,09
6. Average monthly income <sup>(**)</sup>	19,70	19,67

(\*) Figures as at 31 December.

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

### 42. Collaterals

#### 42.1 Type and value of collaterals

	Carrying value at balance sheet date (million VND)	
	31/12/2014	31/12/2013
Real estate	479,034,313	398,386,886
Movable assets	29,518,139	27,887,506
Valuable papers	64,205,314	42,689,836
Other assets	266,837,457	196,342,350
	<b>839,595,223</b>	<b>665,306,578</b>

## 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

### 42.2 Collaterals held by the Bank which are permitted to sell or re-pledge for a third party in the absence of default by the owner of the collaterals

As at 31 December 2014, the Bank did not hold any collateral which the Bank is permitted to sell to or re-pledge for a third party in the absence of default by the owner of the collaterals.

### 43. Contingent liabilities and commitments

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

Credit risk for 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 before issuing L/C or financial guarantees.

The Bank requires margin deposits to support 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 clients as assessed by the Bank.

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

## 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

### 43. Contingent liabilities and commitments (continued)

#### Details of contingent liabilities and commitments as at 31 December 2014:

	31/12/2014	31/12/2013
	Million VND	Million VND
<b>Contingent liabilities</b>	<b>54,122,956</b>	<b>46,730,513</b>
Financial guarantees	24,380,253	19,104,454
Letters of Credit	29,742,703	27,626,059
<b>Commitments</b>	<b>26,392,728</b>	<b>17,545,621</b>
Commitments in swap contracts	11,534,369	7,828,801
Commitments in valuable papers trading contracts	9,708,739	1,079,433
Other commitments	5,149,620	8,637,387

As at 31 December 2014, the Bank classified contingent liabilities based on quality of loans under Article 10 of Circular 02 and Circular 09. As at 31 December 2013, the Bank classified contingent liabilities based on quality of loans under Article 6 of Decision 493, Decision 18 and Decision 780.

### 44. Risk-free trust and agency activities

	31/12/2014	31/12/2013
	Million VND	Million VND
Trusted fund from organisations	7,114,150	6,779,461
	<b>7,114,150</b>	<b>6,779,461</b>

## 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

### 45. 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 2014 are as follows:

Related parties	Relationship	Transactions	2014 Million VND
The State Bank of Vietnam	Direct owner	Decrease in deposits	(283,113)
The State Bank of Vietnam	Direct owner	Increase in borrowings	4,583,903
Indovina Bank Ltd.	Joint Venture	Decrease in deposits and borrowings	(2,700,000)
Indovina Bank Ltd.	Joint Venture	Decrease in deposits	(1,229,553)
VietinBank Aviva Life Insurance Company Ltd.	Joint Venture	Increase in deposits	100,715

#### Significant balances with related parties as at 31 December 2014 are as follows:

Related parties	Relationship	Transactions	Receivables million VND	Payables million VND
The State Bank of Vietnam	Direct owner	Demand deposits and compulsory reserves	9,876,451	-
The State Bank of Vietnam	Direct owner	Borrowings	-	4,731,118
Indovina Bank Ltd.	Joint Venture	Deposits and loans	-	3,374,661
VietinBank Aviva Life Insurance Company Ltd.	Joint Venture	Deposits	-	120,922

## 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

### 46. Geographical structure of assets, liabilities and off-balance sheet items

As at 31 December 2014:

	Total loan balance	Total placements (assets)	Total deposits (liabilities)	Credit commitments	Derivatives (Total transaction value in contracts)	Trading and investment securities (Difference between debit - credit)
	Million VND	Million VND	Million VND	Million VND	Million VND	Million VND
Domestic	446,141,754	75,940,922	465,216,475	54,029,859	415,778	97,702,153
Overseas	1,998,835	1,097,591	1,005,220	93,097	-	-
	<b>448,140,589</b>	<b>77,038,513</b>	<b>466,221,695</b>	<b>54,122,956</b>	<b>415,778</b>	<b>97,702,153</b>

### 47. 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.

## 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. 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			
<b>I.</b>	<b>Income</b>	<b>115,936,280</b>	<b>634,236</b>	<b>1,406,116</b>	<b>(67,078,964)</b>	<b>50,897,668</b>		
1.	Interest and similar income	106,763,144	299,933	93,593	(66,081,082)	41,075,588		
	- External interest and similar income	40,772,892	299,933	93,593	(90,830)	41,075,588		
	- Internal interest and similar income	65,990,252	-	-	(65,990,252)	-		
2.	Income from services	2,041,579	301,460	86,266	(24,837)	2,404,468		
3.	Other income	7,131,557	32,843	1,226,257	(973,045)	7,417,612		
<b>II.</b>	<b>Expenses</b>	<b>(105,043,847)</b>	<b>(406,531)</b>	<b>(1,321,812)</b>	<b>67,078,964</b>	<b>(39,693,226)</b>		
1.	Interest and similar expenses	(89,539,894)	(35,005)	(1,585)	66,081,082	(23,495,402)		
	- External interest and similar expenses	(23,549,642)	(35,005)	(1,585)	90,830	(23,495,402)		
	- Internal interest and similar expenses	(65,990,252)	-	-	65,990,252	-		
2.	Depreciation and amortisation expenses	(981,700)	(4,489)	(6,547)	-	(992,736)		
3.	Expenses related to operating business	(14,522,253)	(367,037)	(1,313,680)	997,882	(15,205,088)		
	<b>Net profit from operating activities before credit provision expenses</b>	<b>10,892,433</b>	<b>227,705</b>	<b>84,304</b>	<b>-</b>	<b>11,204,442</b>		
	<b>Provision expenses for credit losses</b>	<b>(3,860,083)</b>	<b>(41,052)</b>	<b>(830)</b>	<b>-</b>	<b>(3,901,965)</b>		
	<b>Segment profit before tax</b>	<b>7,032,350</b>	<b>186,653</b>	<b>83,474</b>	<b>-</b>	<b>7,302,477</b>		
	Current corporate income tax expense	(1,514,745)	(43,126)	(17,398)	-	(1,575,269)		
	<b>Segment profit after corporate income tax</b>	<b>5,517,605</b>	<b>143,527</b>	<b>66,076</b>	<b>-</b>	<b>5,727,208</b>		
<b>III.</b>	<b>Assets</b>	<b>673,293,207</b>	<b>3,465,446</b>	<b>1,452,653</b>	<b>(17,079,717)</b>	<b>661,131,589</b>		
1.	Cash on hand	4,598,346	1,588	30,806	-	4,630,740		
2.	Fixed assets	8,767,124	56,687	48,354	-	8,872,165		
3.	Other assets	659,927,737	3,407,171	1,373,493	(17,079,717)	647,628,684		
<b>IV.</b>	<b>Liabilities</b>	<b>618,446,529</b>	<b>990,824</b>	<b>218,539</b>	<b>(13,762,481)</b>	<b>605,893,411</b>		
1.	External liabilities	615,750,714	808,799	197,743	(13,762,481)	602,994,775		
2.	Internal liabilities	2,695,815	182,025	20,796	-	2,898,636		

## 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. 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.</b>	<b>Segment profit before tax</b>	<b>4,387,987</b>	<b>2,274,291</b>	<b>640,199</b>	<b>-</b>	<b>7,302,477</b>
	Current corporate income tax expense	(1,574,866)	(403)	-	-	(1,575,269)
<b>II.</b>	<b>Segment profit after corporate income tax</b>	<b>2,813,121</b>	<b>2,273,888</b>	<b>640,199</b>	<b>-</b>	<b>5,727,208</b>
<b>III.</b>	<b>Segment assets</b>	<b>459,870,549</b>	<b>176,223,416</b>	<b>42,117,341</b>	<b>(17,079,717)</b>	<b>661,131,589</b>
<b>IV.</b>	<b>Segment liabilities</b>	<b>404,263,304</b>	<b>173,830,175</b>	<b>41,562,413</b>	<b>(13,762,481)</b>	<b>605,893,411</b>

(\*) As at 31 December 2014, Head Office at Northern calculated and paid corporate income tax for all Bank's branches.

### 48. Financial instruments (continued)

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

As Circular 210 only regulates the presentation and disclosure of financial instruments, the following terms under Circular 210 are adopted for this Note of the 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 includes cash, gold, gemstones, balances and gold with the State Bank of Vietnam, placements with and loans to other credit institutions, loans to customers, trading securities, investment securities, other long-term investments, receivables, other assets and assets under currency derivative contracts.

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

## 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

### 48. Financial instruments (continued)

#### Financial assets (Continued)

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

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

- A financial asset is classified as held for trading if:
  - It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
  - There is evidence of a recent actual pattern of short-term profit-taking; or
  - It is a derivative (except for the derivative that is a financial guarantee contract or effective hedging instrument).
- Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

- *Held-to-maturity investments:*

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

- Those that the Bank designates at fair value through profit or loss upon initial recognition;
- Those that the Bank designates as available for sale;
- 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 and not quoted in an active market, except for:

- 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;
- Those that the Bank designates as available for sale upon initial recognition; or
- Those for which the holder may not recover substantially all of its initial investment, other than due to 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:

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

## 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

### 48. 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 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).
- 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 realize 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.

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

In 2014, the Bank has successfully implemented Stage 1 of Risk Management Analysis Project and develops a roadmap for implementing the BIS standards (Basel II Project) in order to build up a stabilized base for the Bank to enhance the risk management activities in accordance with Basel II standards.

## 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

### 48. Financial instruments (continued)

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

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 2014, the Bank continued to enhance the investment in highly liquid assets such as Government bonds and Government treasury bills.

To manage risk related to financial instruments, the Bank has issued regulations, procedures, detailed guidance and internal set of indicators and limitation to control risk as well as to ensure compliance with regulations of the State Bank of Vietnam and meet 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.

**For the liquidity risk and interest rate risk:** The Bank has continued to operate and improve Asset-Liability Management System (ALM), set up the behaviour assumption to support Asset and Liability management, create standardised data sources and measurement tools and monitored the management of liquidity risk and interest rate risk.

The Bank has operated system MX.3 to support management of all treasury and capital market transactions of the Bank from the sale department (Front Office), risk management department (Middle Office) to finance department (Back Office). The risk limits have been established and implemented in order to control transactions of financial instruments in Trading book strictly. On that basis, the market risk management reports have been prepared periodically and proposed to the Board of Management and sale department to support the decision making in order to ensure the effective and safe business performance of the Bank.

The policies on currency risk, interest rate risk, credit risk and liquidity risk are analysed in details in Notes 49, 50, 51 and 52.

#### Determination of fair value of financial instruments

The Bank uses the method and assumptions to estimate fair value as following: 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:

## 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

### 48. Financial instruments (continued)

	Carrying value (Excluding provisions)		Fair value	
	31/12/2014 Million VND	31/12/2013 <sup>(*)</sup> Million VND	31/12/2014 Million VND	31/12/2013 <sup>(*)</sup> Million VND
<b>Financial assets</b>				
Cash on hand, gold and gemstones	4,630,740	2,833,496	4,630,740	2,833,496
Balances with the State Bank of Vietnam	9,876,451	10,159,564	9,876,451	10,159,564
Placements with and loans to other credit institutions	75,433,624	73,181,935	(*)	(*)
Trading securities - Equity securities with market price reference	37,738	17,594	33,550	15,082
Trading securities - Equity securities without market price reference	21,285	6,674	(*)	(*)
Trading securities - Debt securities	3,595,310	633,425	(*)	(*)
Derivative financial instruments and other financial assets	-	164,334	(*)	(*)
Loans to customers	439,869,027	376,288,968	(*)	(*)
Investment securities - Equity securities with market price reference	44,023	44,023	25,132	16,222
Investment securities - Debt securities	94,003,797	82,451,416	(*)	(*)
Other long-term investments	1,030,326	1,040,326	(*)	(*)
Other receivables	1,328,272	514,734	(*)	(*)
Interest and fee receivables	12,706,283	10,035,489	(*)	(*)
Other assets	1,210	231,795	(*)	(*)
	<b>642,578,086</b>	<b>557,603,773</b>		
<b>Financial liabilities</b>				
Borrowings from the Government and the SBV	4,731,403	147,371	(*)	(*)
Deposits and borrowing from other credit institutions	103,769,865	80,464,749	(*)	(*)
Deposits from customers	424,181,174	364,497,001	(*)	(*)
Derivative financial instruments and other financial liabilities	415,778	-	(*)	(*)
Grants, trusted funds and borrowings at risk of the credit institution	32,021,693	32,424,519	(*)	(*)
Valuable papers issued	5,294,073	16,564,766	(*)	(*)
Accrued fee and interest expenses	5,749,315	4,365,827	(*)	(*)
Other payables and liabilities	26,250,620	19,460,783	(*)	(*)
	<b>602,413,921</b>	<b>517,925,016</b>		

(\*) The Bank has not assessed fair value of financial assets and financial liabilities as at 31 December 2014 because Vietnamese Accounting Standards as well as prevailing regulations have not had specific guidance on the fair value determination of such items.

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

## 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

### 48. Financial instruments (continued) Classification of financial assets as at 31 December 2014:

	Financial assets				Total
	Held-for-trading	Held-to-maturity	Loans and receivables	Available-for-sale	
	Million VND	Million VND	Million VND	Million VND	Million VND
Cash on hand, gold and gemstones	4,630,740	-	-	-	4,630,740
Balances with the State Bank of Vietnam	9,876,451	-	-	-	9,876,451
Placements with and loans to other credit institutions	-	-	75,433,624	-	75,433,624
Trading securities	3,654,333	-	-	-	3,654,333
Loans to customers	-	-	439,869,027	-	439,869,027
Investment securities	-	6,708,858	-	87,338,962	94,047,820
Other long-term investments	-	-	-	1,030,326	1,030,326
Other receivables	-	-	1,755,524	-	1,755,524
Interest and fee receivables	-	-	12,706,283	-	12,706,283
Other assets	-	-	1,210	-	1,210
	<b>18,161,524</b>	<b>6,708,858</b>	<b>529,765,668</b>	<b>88,369,288</b>	<b>643,005,338</b>

### Classification of financial liabilities as at 31 December 2014:

Except for derivatives financial instruments and other financial assets which are classified as held-for-trading, all the financial liabilities of the Bank as at 31 December 2014 which classified as financial liabilities measured at amortised cost.

## 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

### 49. 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 2014, to stabilise the exchange rates, the State Bank of Vietnam (SBV) continued to take measures to keep the stability of the foreign exchange market and made timely intervention where the unusual fluctuation arose such as putting restrictions on the types of entities eligible to borrow foreign currencies and reducing the interest rate cap of USD deposits to 0.25% per annum for enterprises and 0.75% per annum for individuals. In addition, the level of foreign exchange reserves significantly increased as well as the balance of trade surplus continuously, which helps the foreign exchange market Vietnam in 2014 fairly stable.

*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 (including 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 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

### 49. Currency risk (continued)

Carrying amounts of assets and liabilities by currencies as at 31 December 2014 are as follows:

ITEMS	EUR equivalent		USD equivalent		Gold currencies equivalent		Other currency equivalent		Total
	Million VND	Million VND	Million VND	Million VND	Million VND	Million VND	Million VND		
<b>Assets</b>									
Cash, gold and gemstones	122,900	503,921	3,989,948	13,971	4,630,740				
Balances with the State Bank of Vietnam	-	2,519,085	7,357,366	-	9,876,451				
Placements with and loans to other credit institutions (*)	572,327	19,193,255	55,403,079	264,963	75,433,624				
Trading securities <sup>(1)</sup>	-	-	3,654,333	-	3,654,333				
Loans to customers <sup>(1)</sup>	1,198,752	79,956,243	358,685,312	28,720	439,869,027				
Investment securities <sup>(1)</sup>	-	-	94,047,820	-	94,047,820				
Capital contribution, long-term investments <sup>(1)</sup>	-	1,688,788	2,185,283	-	3,874,071				
Fixed assets	-	-	8,872,165	-	8,872,165				
Other assets <sup>(1)</sup>	751,158	2,143,606	23,059,969	5,937	25,960,671				
<b>Total assets</b>	<b>2,645,138</b>	<b>106,004,898</b>	<b>557,255,275</b>	<b>313,592</b>	<b>666,218,902</b>				
<b>Liabilities and owners' equity</b>									
Borrowings from the Government and the SBV	-	15,129	4,716,274	-	4,731,403				
Deposits and borrowings from other credit institutions	507,155	56,883,776	46,378,934	-	103,769,865				
Deposits from customers	8,893,927	29,612,762	385,548,525	125,960	424,181,174				
Derivative financial instruments and other financial liabilities	-	415,778	-	-	415,778				
Grants, trusted funds and borrowings at risk of the credit institution	227,140	7,503,727	24,290,826	-	32,021,693				
Valuable papers issued	-	5,289,643	4,430	-	5,294,073				
Other liabilities <sup>(1)</sup>	95,365	1,764,399	33,551,405	537	35,411,706				
Capital and reserves	-	-	55,012,808	-	55,012,808				
<b>Total liabilities and owners' equity</b>	<b>9,723,586</b>	<b>101,485,214</b>	<b>549,503,202</b>	<b>126,497</b>	<b>660,838,500</b>				
<b>Balance sheet currency position</b>	<b>(7,078,448)</b>	<b>4,519,684</b>	<b>7,752,072</b>	<b>187,095</b>	<b>5,380,402</b>				

(\*) Excluding risk provision.

## 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. 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 the 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 deposit, thus the effective interest rate re-pricing term is assumed to be within one month;
- The effective interest rate re-pricing term of trading securities is determined based on the contractual re-pricing term or the re-pricing term in accordance with the regulation on the maximum holding period of the Bank, whichever comes earlier;
- The effective interest rate re-pricing term of placements with and loans to other credit institutions; investment securities; loans to customers; borrowings from the Government and the SBV; deposits and borrowings from other credit institutions; deposits from customers, valuable papers issued, grants, trusted fund and borrowing at risk of the credit institutions are determined as follows:
  - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined from the consolidated balance sheet date to maturity date;
  - Items with floating interest rate: the effective interest re-pricing term is determined from the consolidated 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 mobilized mainly with short interest rate re-pricing term.

## 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. 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 consideration, collateral value and market interest rate to ensure the 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 budget profit is assured. Besides, due to the fact that capital structure focuses on the funds with short interest rate re-pricing term, the Bank requires that all loans must be at the floating interest rate, adjusted every one to three months.

#### Interest rate risk management:

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

#### Interest rate risk management at portfolio level

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

#### Interest Rate Management at transaction level

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

With the experience and sensitivity in managing, the Bank has been cautiously, flexibly managing the deposit and loan interest rate mechanism to ensure the safety and effectiveness of the business operation. As shown in the interest rate re-pricing gap report, the majority of interest bearing assets of the Bank has re-pricing term within 6 months, which is in line with the re-pricing structure of the mobilised funds that have short interest rate re-pricing term.

#### Interest rate sensitivity

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

## 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. Interest rate risk (continued)

	Non - interest bearing Million VND	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 6 months Million VND	From 6 to 12 months Million VND	From 1 to 5 years Million VND		Over 5 years Million VND
<b>Assets</b>										
Cash, gold and gemstones	4,630,740	-	-	-	-	-	-	-	-	4,630,740
Balances with the State Bank of Vietnam	-	-	-	9,876,451	-	-	-	-	-	9,876,451
Placements with and loans to other credit institutions <sup>(*)</sup>	-	-	-	50,766,829	17,500,601	5,280,354	1,885,841	-	-	75,433,624
Trading securities <sup>(*)</sup>	-	-	-	3,654,333	-	-	-	-	-	3,654,333
Loans to customers <sup>(*)</sup>	-	4,905,151	3,770,580	295,281,169	88,825,819	43,119,330	2,026,608	1,940,370	-	439,869,027
Investment securities <sup>(*)</sup>	44,023	-	-	15,889,139	724,463	6,115,857	8,427,201	60,025,703	2,821,435	94,047,820
Capital contribution, long-term investments <sup>(*)</sup>	3,874,071	-	-	-	-	-	-	-	-	3,874,071
Fixed assets	8,872,165	-	-	-	-	-	-	-	-	8,872,165
Other assets <sup>(*)</sup>	25,960,671	-	-	-	-	-	-	-	-	25,960,671
<b>Total assets</b>	<b>43,381,670</b>	<b>4,905,151</b>	<b>3,770,580</b>	<b>375,467,921</b>	<b>107,050,882</b>	<b>54,515,540</b>	<b>12,339,650</b>	<b>61,966,073</b>	<b>2,821,435</b>	<b>666,218,902</b>
<b>Liabilities</b>										
Borrowings from the Government and the SBV	-	-	-	3,499,384	-	-	-	-	1,232,019	4,731,403
Deposits and borrowings from other credit institutions	-	-	-	57,799,815	27,499,014	12,971,233	2,905,556	2,594,247	-	103,769,865
Deposits from customers	-	-	-	237,541,458	87,526,278	31,813,588	22,760,827	44,539,023	-	424,181,174
Derivative financial instruments and other financial liabilities	415,778	-	-	-	-	-	-	-	-	415,778
Grants, trusted funds and borrowings at risk of the credit institutions	-	-	-	6,724,555	12,495,539	6,724,556	3,216,327	2,860,715	-	32,021,693
Valuable papers issued	-	-	-	10,588	60,882	6,353	9,529	5,206,721	-	5,294,073
Other liabilities <sup>(*)</sup>	35,411,706	-	-	-	-	-	-	-	-	35,411,706
<b>Total liabilities</b>	<b>35,827,484</b>	<b>-</b>	<b>-</b>	<b>305,575,800</b>	<b>127,581,714</b>	<b>51,515,730</b>	<b>28,892,240</b>	<b>55,200,706</b>	<b>1,232,019</b>	<b>605,825,692</b>
<b>Balance sheet net interest gap</b>	<b>7,554,186</b>	<b>4,905,151</b>	<b>3,770,580</b>	<b>69,892,121</b>	<b>(20,530,831)</b>	<b>2,999,810</b>	<b>(16,552,590)</b>	<b>6,765,367</b>	<b>1,589,415</b>	<b>60,393,210</b>

(\*) Excluding risk provision.

## 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

### 51. 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 fulfil their committed obligations.

Tools that the Bank uses to manage credit risk include:

*For credit activities:* The Bank manages and controls credit risk by setting credit limits for each counterparty and geographical and industrial concentration, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position as well as solvency of counterparties based on the qualitative and quantitative factors. Credit 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 2014 is presented below:

	Overdue			
	Within 90 days	91-180 days	181-360 days	Over 360 days
	Million VND	Million VND	Million VND	Million VND
Loans to customers	16,340	7,965	20,199	911,870

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, value of collaterals are measured in accordance with Circular 02 and Circular 09 (see Note 42).

## 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

### 52. 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 mobilize 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 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 the key national projects. The maturity of assets and liabilities represents the remaining time to the contractual maturity date from the consolidated 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 is 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)

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

### 52. 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 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 centralized payment at the Head Office, the Bank actively performs liquidity risk management on a daily basis. Currently, the Bank is promptly competing 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 2014 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.

## 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

### 52. Liquidity risk (continued)

	Overdue		Current					Total
	Over 3 months	Within 3 months	Within 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	
	Million VND	Million VND	Million VND	Million VND	Million VND	Million VND	Million VND	
<b>Assets</b>								
Cash, gold and gemstones	-	-	4,630,740	-	-	-	-	4,630,740
Balances with the State Bank of Vietnam	-	-	9,876,451	-	-	-	-	9,876,451
Placements with and loans to other credit institutions (*)	-	-	50,540,528	17,349,734	7,543,362	-	-	75,433,624
Trading securities (*)	-	-	3,654,333	-	-	-	-	3,654,333
Loans to customers (*)	4,905,151	3,770,580	47,431,263	133,669,922	172,477,318	64,678,994	12,935,799	439,869,027
Investment securities (*)	-	-	15,933,162	717,592	14,549,928	60,025,703	2,821,435	94,047,820
Capital contribution, long-term investments (*)	-	-	-	-	-	-	3,874,071	3,874,071
Fixed assets	-	-	-	-	-	-	8,872,165	8,872,165
Other assets (*)	-	-	-	-	-	-	25,960,671	25,960,671
<b>Total assets</b>	<b>4,905,151</b>	<b>3,770,580</b>	<b>132,066,477</b>	<b>151,737,248</b>	<b>194,570,608</b>	<b>124,704,697</b>	<b>54,464,141</b>	<b>666,218,902</b>
<b>Liabilities</b>								
Borrowings from the Government and the SBV	-	-	3,499,384	-	-	-	1,232,019	4,731,403
Deposits and borrowings from other credit institutions	-	-	51,884,933	31,130,959	15,565,480	5,188,493	-	103,769,865
Deposits from customers	-	-	116,649,823	101,803,482	161,188,846	44,539,023	-	424,181,174
Derivative financial instruments and other financial liabilities	-	-	415,778	-	-	-	-	415,778
Grants, trusted funds and borrowings at risk of the credit institution	-	-	6,404,339	12,815,756	9,940,883	2,860,715	-	32,021,693
Valuable papers issued	-	-	10,588	60,882	15,882	5,206,721	-	5,294,073
Other liabilities (*)	-	-	4,412,298	8,090,659	17,622,114	5,286,635	-	35,411,706
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>183,277,142</b>	<b>153,901,738</b>	<b>204,333,205</b>	<b>63,081,587</b>	<b>1,232,019</b>	<b>605,825,692</b>
<b>Net liquidity difference</b>	<b>4,905,151</b>	<b>3,770,580</b>	<b>(51,210,666)</b>	<b>(2,164,490)</b>	<b>(9,762,597)</b>	<b>61,623,110</b>	<b>53,232,122</b>	<b>60,393,210</b>

(\*) Excluding risk provision.

## 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

### 53. Capital and operating lease commitments

	31/12/2014	31/12/2013
	Million VND	Million VND
Capital commitments: office construction and equipment acquisition	481,114	766,245
Irrevocable operating lease commitments	773,674	439,973
Of which:		
- due within one year	168,437	84,097
- due from two to five years	355,578	235,640
- due after five years	249,659	120,236

### 54. Contingent liabilities

As at 31 December 2014, the Bank has legal rights and obligations related to the case of Huynh Thi Huyen Nhu and the other former employees of Ho Chi Minh City branch and Nha Be branch of the Bank. At the reporting date, the Appeal Court of People's Supreme Court at Ho Chi Minh City heard and trial for the case on 07 January 2015, sentencing the accused Huyen Nhu for swindling to appropriate assets and certain other crimes, simultaneously reaching a verdict on judgment against Huyen Nhu and other accused members. In terms of civil responsibilities, Huynh Thi Huyen Nhu was responsible to reimbursement to three (03) banks, four (04) companies and three (03) individuals which were defrauded and the Bank neither has compensation obligations, joint liability nor incurs any financial loss with regards to the illegal actions of these accused mentioned above. However, the appellate court has partly ceased the first instance judgment in part relating to five (05) other companies for re-investigation. Under the provisions of the criminal law and criminal procedure for a case that is being re-investigated, the responsibilities and legal obligations of the parties concerned shall be defined only when the case has been trial with specific judgment and the verdict takes effect.

### 55. Subsequent events

As at 13 January 2015, the SBV has issued Official Letter No. 216/NHNN-TTGSNN to approve the establishment of a wholly-owned subsidiary of the Bank in Lao People's Democratic Republic by transitioning from existing branch in the Lao People's Democratic named Bank limited Industry and Trade of Vietnam in Laos. The Bank's subsidiary has charter capital of USD 50 million.

As at 13 January 2015, the Bank has announced the information of the SBV's approval for listing VietinBank's shares owned by the State in accordance with Dispatch No. 9375/NHNN-TTGSNH dated 16 December 2014 issued by the SBV. Accordingly, as being the representative of the state-ownership at VietinBank, SBV approved the listing of all VietinBank's state-owned shares on Ho Chi Minh City Stock Exchange (HOSE).

## 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

### 56. Exchange rates of some foreign currencies at balance sheet date

	31/12/2014	31/12/2013
	VND	VND
USD	21,246	21,036
EUR	25,908	28,937
GBP	33,210	34,756
CHF	21,548	23,618
JPY	178.32	199.76
SGD	16,137	16,623
CAD	18,389	19,745
AUD	17,459	18,754
NZD	16,711	17,257
THB	638.42	631.40
SEK	2,762	3,279
NOK	2,878	3,457
DKK	3,480	3,880
HKD	2,749	2,712
CNY	3,426	3,468
KRW	19.60	19.92
LAK	2.62	2.62
MYR	6,100	6,416

## 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

### 57. Comparative figures

Comparative figures are those in the audited consolidated financial statements for the year ended 31 December 2013.

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

Consolidated balance sheet items	Consolidated financial statements for the year ended 31 December 2013	Difference	Reclassified consolidated financial statements for the year ended 31 December 2014
	Million VND		Million VND
Available-for-sale investment securities	80,627,909	(719,218)	79,908,691
Other long-term investments	321,108	719,218	1,040,326
Provisions for impairment of investment securities	(212,189)	76,943	(135,246)
Provisions for impairment of long-term investments	(3,408)	(76,943)	(80,351)
Net (loss)/gain from investment securities	8,033	37,943	45,976
Other operating expenses	(436,531)	(533,833)	(970,364)
Operating expenses	(9,909,654)	495,890	(9,413,764)

Preparer 



**Le Nhu Hoa**

Head of Financial Accounting Management Department  
20 March 2015

Approver



**Nguyen Hai Hung**

Chief Accountant

Approver




**Nguyen Van Du**

Deputy General Director