

VietinBank® 



Annual
Report **2015**



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MESSAGE FROM THE CHAIRMAN

Dear shareholders,

2015 witnessed negative sentiments and higher volatility engulfed most world markets. Set against this backdrop, Vietnam has been able to tell a story of a successful economy. The past year has been marked by macroeconomic stability, rightful monetary policy as well as the recovery and growth of production and other core businesses of the country. In particular, the year also saw Vietnamese banking and financial sector's resilience as significant progress has been made in area of anti-dollarization and gold market stability. Interest rates continued to be maintained at a low level while strong growth in credit for key economic sectors was achieved with remarkable results. Not only was the local banking system able to maintain a stable and sustainable growth but it also has successfully gone through most demanding challenges of a restructuring process to make important changes. A solid foundation of macroeconomic factors enabled the economy to be in a firm position for stronger growth opportunities and challenges. Looking ahead, Vietnam is confident to integrate deeper into the international financial market.

We are proud to have been a contributor to this success

Our strong fundamentals with important roles and responsibilities enable us to prove VietinBank as the largest financial services provider in the local banking system. In order to maintain a robust foundation for the development of the local banking and financial sector, we continued to evolve significantly as a solid pillar. We have been actively involving in credit institutions restructuring plan of the State Bank of Vietnam, at the same time, we further expanded our operational network and deepened our presence across South East Asia and internationally.

Driven by strong growth in our core businesses, we are pleased to be among the largest banks in the country by asset size, shareholder's equity and profitability. For the full year of 2015, we delivered record earnings before tax of VND 7,345 billion, total assets reached VND 779 trillion, up by 17.9% in comparison with that of 2014 and accomplished 104.5% of target set at the General Meeting of Shareholders. Our funding remained strong with an increase of 19.6%. Driven by steady loan demand, total loans as at 31 December 2015 were 24.7% higher than a year ago. Our asset quality remained sound, with the non-performing loan ratio of 0.73%. Profitability ratios including ROA and ROE stood at 1% and 10.3% respectively. In line with our expansion strategy, we successfully broadened our operation network in core market of Vietnam through an extensive office and branch network as well as deepened the Bank's presence in South East Asia and Europe through 2 branches in Germany, 1 office in Myanmar and a subsidiary in Laos... This tremendous success reflected firm commitment and efforts of over 20,000 dedicated employees.

We are proud to have been honored for VietinBank's success and contribution with importance accolades. The year 2015 was a year of much significance as the Bank set an important milestone in branding campaign. VietinBank has been recognized in Forbes Global 2000 - list of the top 2,000 public companies in the world by Forbes magazine for four consecutive years. VietinBank is an A-rated bank by consulting firm Brand Finance and tops the local financial institutions with brand value of 197 million US dollars. We are proud to have been among the leading local enterprises for contribution to the State Budget for six years running. VietinBank brand has been in the list of Top 10 Vietnam Gold Star Award. For 11 consecutive years, we have been named in the list of Vietnam's 10 most valuable brands with other significant awards such as Bank of Information Security and Bank for the Community 2015...

Significant progress has been made in the year 2015 and this success allows us to take further step in global integration in the coming year, visioning the transformation into a regional bank in 2017.

VietinBank is well-positioned for this important stage of development. It is a team of experienced professionals and the strong governance capacity of the management team that drive us forward to realize that goal. The advancement of technology is widely applied in our banking system, our new viable core banking technology is ready to replace the old one with superior technological innovation. Not only that, our retail banking operation is deeply transforming and further expanding to reach out further to the global market. Strengthening risk management capacity as well as compliance to international standards will always be central to the Bank's future stable growth.

As VietinBank continues to grow organically, we remain committed to realize every goal in our next phase of development. We will take further step in our medium term development plan (2015-2017) by boosting sales with cross selling of banking and financial products and services. At VietinBank, we emphasize on the importance of accelerating growth in line with controlling asset quality for stronger financial performance and risk management. Standardizing the existing banking businesses and completely transforming organizational structure and governance remain central to realize our ambition and vision. Following the State Bank of Vietnam's insightful directions, we will continue to uphold our commitment in social security through various volunteer campaigns and charity programs.

VietinBank Board of Directors and over 20,000 employees are highly motivated and determined to fulfill future strategic plans. We affirm our commitment to achieving sustainable and stable growth that delivers long-term value to our shareholders.

Alternate member of the Central Committee
Chairman



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 3/7/2009 by the State Bank of
Vietnam

Certificate of Business Registration:

No.0100111948 by Hanoi Department of Planning and
Investment for the first issuance on 03rd July 2009, registered for
the 10th amendment on 29th 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 39421032
Website: www.vietinbank.vn

Stock Code: CTG

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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 2015)
-

27 YEARS OF INCORPORATION AND DEVELOPMENT

PHASE I: 1988 - 2000

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

PHASE II: 2001 - 2008

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

PHASE III: 2009 to present

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.



3 AWARDS AND ACCOLADES (2015)



1. Forbes Global 2000

VietinBank was named in Forbes Global 2000 for the fourth consecutive years.



2. Vietnam’s most valuable banking brand

VietinBank was recognized as one of two Vietnamese banks in Global 500 by Brand Finance and the number 1 brand in Vietnam with total brand value worth of USD 197 million, with “A” rating (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).



3. Top 10 of Vietnam Gold Star Award

This is a prestigious and noble award , hosted by Central Youth Union and Vietnam Central Young Entrepreneurs Association under the Prime Minister’s initiative.

VietinBank achieved remarkable indexes in terms of transparency, sales, ROE, state budget contribution, social charity, management and risk control capacity... VietinBank is the only corporation in financial & banking industry that was named in Top 10 of Vietnam Gold Star Award.



4. Top 10 Most Valuable Brands

With competitive strategy on human resources, technology and service quality, VietinBank was able to grab the opportunities of international economic integration, achieving high growth rates, reaffirming the prestigious domestic and international brand value. VietinBank was named in Top 10 Most Valuable Brands for the eleven consecutive years.



5. Khue Star Award

Our strength in technology advancement was honoured by Khue Star Award for three innovative products including Assets & Liabilities Management System, VietinBank iPay app for smart phones (VietinBank iPay Mobile App) and non-cash payment service for hospital bills.

6. Top 10 Corporations of Tax Contribution



V1000 ranking announced by Vietnam Report Company ranked VietinBank at the 5th place of Top 10 Vietnam Corporations of largest Income Tax Contribution. At the same time, VietinBank is the leading bank among 9 banks that was named in Top 50 Corporations of Highest Income Tax Contribution.



7. Best Information Security Bank in 2015

The award is hosted by Vietnam Banking Association (VNBA) and International Data Group (IDG). VietinBank is the only bank that was recognized as “Best Information Security Bank in 2015”. The award proved our efforts to ensure security and confidentiality of all banking activities.



8. VietinBank received prestigious awards of international card organizations

VietinBank received two awards simultaneously which affirm the Bank’s competitiveness international payment. These two awards were Top 3 payment award by Visa in 2015 and Top 3 highest transactions of MasterCard in 2014 - 2015.



9. Top 50 Vietnam Best Growth and Top 20 largest Corporations in Vietnam

VietinBank was honored to be named in Top 50 Vietnam Best Growth for 2009 - 2014 period and Top 20 of 500 Largest Companies (VNR500) which was presented by Vietnam Report. VietinBank again confirmed its position and reputation of a leading commercial bank in Vietnam and as the mainstay of the economy.



10. Good responsibility of social welfare and community development

This is the 3rd time that VietinBank has been recognized as the active bank of social welfare by Ministry of Planning and Investment, improving lives of people and economic growth.

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10 ACTIVITIES HIGHLIGHTS IN 2015**1. The 9th VietinBank Party Congress (2015-2020)**

This is an important Committee of the Central Enterprise Division where Mr. Nguyen Van Thang - Chairman of the Board was elected with 100% votes as the Secretary of VietinBank Party for 2015 - 2020. At the Congress, VietinBank was honoured by Standing Committee of the Central Enterprise Division for outstanding accomplishment from 2010 to 2015.

2. VietinBank Party Secretary & Chairman - Mr. Nguyen Van Thang was the first VietinBank leader to attend the nationwide Party Congress

At the 2015 - 2020 Party Congress of the Central Business Division Chairman of Board, Mr. Nguyen Van Thang was elected as member of the Standing Committee of the Central Enterprise Division who was also the first VietinBank leader to be an official delegate of the nationwide Party Congress.

3. Most profitable bank

Ended 2015, VietinBank reported an increase of 17.9% in total assets compared with that of 2014, accomplished 104% of plan; total outstanding loans increased by 24.7% compared with the previous year, reached 109.9% target. VietinBank's consolidated pre-tax profit in 2015 was reported at VND 7,360 billion, achieved 100.6% of the targeted plan set at The Annual General Meeting of Shareholders (GMS).

4. VietinBank - Most valuable brand name in the local banking industry

In 2015, VietinBank has been named in The World's Biggest Public Companies (Forbes Global 2000) for four consecutive years and rated "A" by Brand Finance, the brand value has reached 197 million USD which was ranked first position in the Vietnamese Banking Industry. VietinBank has also been recognized in the Top 10 of Vietnam Gold Star Award, Top 10 most valuable brands of Vietnam for eleven consecutive years, etc.

5. VietinBank - The bank for community and employees

So far, VietinBank has been the sponsor for social welfare activities worth 5,500 billion VND across the country. VietinBank is recognized as "the green business of positive working environment."

6. VietinBank - The pillar that participates actively in the banking system restructuring

In May 2015, the merger between PG Bank & VietinBank was officially signed. Also in May 2015 and July 2015, State Bank of Vietnam (SBV) assigned VietinBank to assist the management and governance of Ocean Commercial Joint Stock Bank (Ocean Bank) and Global Petroleum Joint Stock Bank (GP Bank).

7. Enhancing cooperation and sharing success with customers

VietinBank has been a reliable financial service provider with a full spectrum of innovative banking products and services for Vietnam enterprises. In 2015, we hosted a unique client appreciation event to thank our customers for their loyalty.



VietinBank Socialist Party receives an award from the Socialist Party of Central Enterprise Division

8. Enhancing comprehensive restructuring and innovation in the system

In 2015, VietinBank actively implemented a comprehensive restructuring of business model and organizational structure. VietinBank continued to carry out stage 2 business model transformation in 43 branches. We actively deployed key projects namely Core Banking Replacement Project; Consulting package for Building and Implementing Brand Strategy at VietinBank; Taleo recruitment software management project; Risk - weighted assets valuation project under Basel II requirements etc.

9. Establishment of subsidiary bank in Laos, aimed to become the regional bank

August 2015 marked the opening of VietinBank Laos in Vientiane. It is a 100% VietinBank - owned subsidiary. VietinBank Laos has a charter capital of 50 million USD, headquartered on 29 Khounboulom Road, Vientiane.

10. Successfully held the 8th Labor Conference

On 22/05/2015, the 8th Labor Conference was held, where expectations of the Executive Management and confidence of VietinBank employees are met. Earlier, VietinBank cultural festival was also held successfully, emphasizing on unique advantages and competitiveness of the Bank as it develops and integrate internationally going forward.

5

SCOPE OF BUSINESS AND BRANCH NETWORK

SCOPE OF BUSINESS

VietinBank's 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; 149 local branches in 63 cities and provinces across the country; 2 foreign branches in Germany and 1 Subsidiary in Laos PDR; 2 Representative Offices in Ho Chi Minh City and Da Nang City; 1 Representative Office in Myanmar. 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 the largest bank by total assets value and leading financial institution in operational effectiveness in banking system in Vietnam by 2017

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

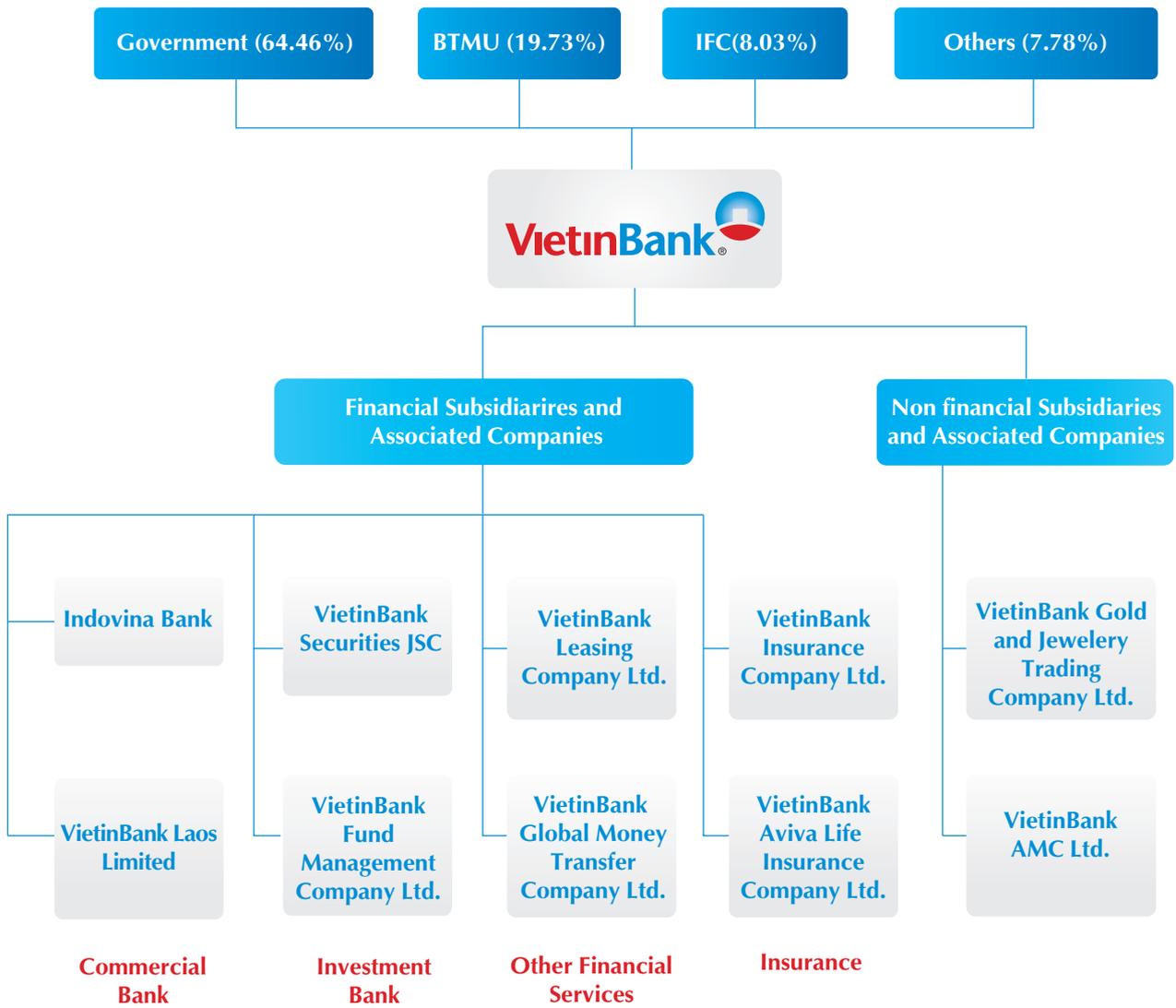
Safe, effective and sustainable

Loyal, dedicated, passionate & committed, wise and principled

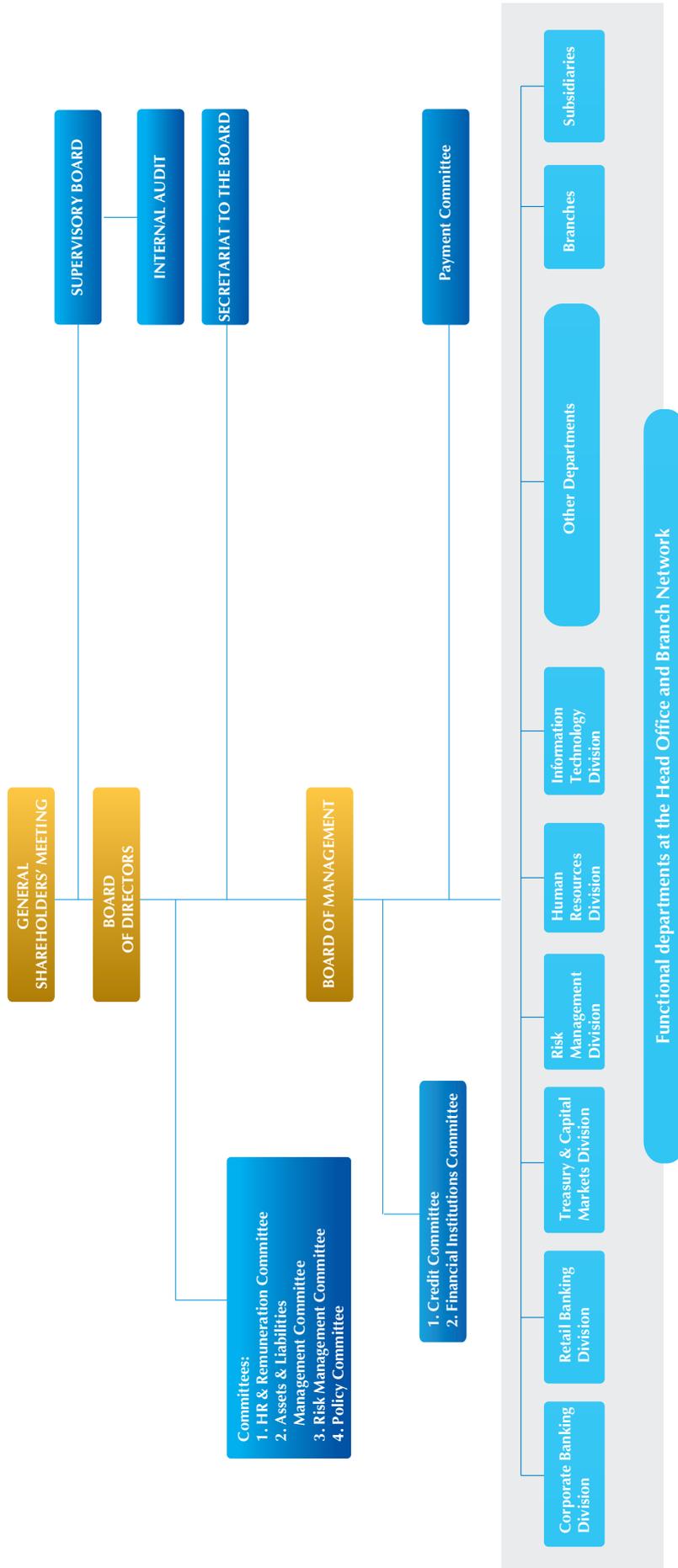
The prosperity of VietinBank customers is our ultimate success

7 ORGANIZATIONAL STRUCTURE & CORPORATE GOVERNANCE MODEL

ORGANIZATIONAL STRUCTURE



MANAGEMENT STRUCTURE:





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, Hanoi	Finance and Banking	100%
2	VietinBank Securities Joint Stock Company	306 Ba Trieu street, Hai Ba Trung district, Hanoi	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.	141 Le Duan street, Hoan Kiem 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, Hanoi	Other Monetary Intermediation	100%
8	VietinBank Laos Limited	No 029 Khounboulom, Vatchan, Chanthabouly District, Viengchan, Laos	Finance and Banking	100%
9	Indovina Bank	46-48-50 Pham Hong Thai street, district 1, HCMC	Finance and Banking	50%
10	VietinBank Aviva Life Insurance Company Ltd.	521 Kim Ma street, Ba Dinh district, Hanoi	Insurance	50%

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KEY FINANCIAL INDICATORS

Indicator	Unit	31/12/2015	31/12/2014	31/12/2013	31/12/2012	31/12/2011
Total assets	VND Billion	779,483	661,241	576,368	503,530	460,420
Shareholders' Equity	VND Billion	56,110	55,259	54,075	33,625	28,491
Charter capital	VND Billion	37,234	37,234	37,234	26,218	20,230
Total Funding	VND Billion	711,785	595,096	511,670	460,082	420,212
Gross Loans	VND Billion	676,688	542,685	460,079	405,744	293,434
Net profit from operating activities before credit provision expenses	VND Billion	12,024	11,226	11,874	12,526	13,296
Provision expenses for credit losses	VND Billion	(4,679)	(3,923)	(4,123)	(4,357)	(4,904)
Profit before tax	VND Billion	7,345	7,303	7,751	8,168	8,392
Corporate Income Tax	VND Billion	(1,628)	(1,576)	(1,943)	(1,998)	(2,132)
Profit after tax	VND Billion	5,717	5,727	5,808	6,169	6,259
ROA	%	1.0%	1.2%	1.4%	1.7%	2.03%
ROE	%	10.3%	10.5%	13.7%	19.9%	26.74%
NPL/ Gross Loans	%	0.73%	0.90%	0.82%	1.35%	0.75%
Capital adequacy ratio (CAR)	%	10.6%	10.4%	13.2%	10.33%	10.57%

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 2015 for details.

10

DEVELOPMENT PLAN

Targets for 2016

In 2016, VietinBank will continue to be the pioneering bank in every implementation of policies set by the Party, the Government and the SBV for currency policy management and restructuring of credit institutions. Strong emphasis will be placed on business growth higher than industry average. Exceptional efforts shall be spent on technology modernization, striving towards safe & sustainable development of international standards and best practices to ensure interests of shareholders and employees.

Medium and Long - term Development Strategy Orientation

One of the Bank's well-defined objectives is to affirm its position in both domestic and regional markets. Our strategic goal for middle & long run remains ***to become a professional, more diversified and a leading bank in Southeast Asia***. VietinBank's common goal is to ***"constantly maintain a high growth rate so as to sustain the largest bank by assets size and best performing financial institution in 2017"***. Our business will continue growing while staying focused on risk management so as to prepare a firm ground for sustainable development. Simultaneously, we are also committed to share with the community through various social welfare policies.

Corporate Social Responsibility

As a large commercial bank, apart from developing sustainably and successfully completing all political tasks assigned by the Party, the State, the Government and the banking industry, in 2016 and future years, VietinBank is committed to always develop towards the community interests. VietinBank will continue to be a helping hand to the community in social welfare funding, targeted mainly on financial support to build houses for the poor, healthcare, education, culture - society, rural transportation, etc. and other financing. Thus, together with the Government and local authorities, we will be an active contributor in social welfare, poverty alleviation, improving living standards and morale of the poor which in line with the policy of the Party, the State, the Government and the banking industry.





11

RISK FACTORS**a. Credit Risk**

Entering 2016, the economy has seen signs of recovery with better economic growth and promising opportunities from TPP, Vietnam - EU multilateral agreement, Vietnam - Korea bilateral agreement, etc. However, financial capacity of local enterprises has not been fully retrieved, highly competitive challenges remain as the local economy opens up and Vietnam is integrating deep in the world economy. It requires local enterprises to take a step ahead and compete with foreign economic corporations and companies who have advantages in management capacity and capital. Many enterprises, especially SMEs continue to experience difficulties where credit losses has the potential of rising which would result in higher NPLs and provisions if regularly and strictly monitored credit risk management is not well-maintained.

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 01st 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 31st 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. Besides, the draft promulgation of Basel II application in line with its standard methods, is expected to be effective for credit institutions in 2016 that also requires VietinBank to study carefully and actively to shape the structure of credit entries matching the SBV's new requirements to optimize business performance, based on effective use of equity and capital cost reduction of VietinBank.

Moreover, economic recovery requirement has led to increasing demand in medium and long term capital that provides support for enterprises to expand their business and manufacturing activities. Real Estate market has causes increasing pressure on medium and long term capital of commercial banks. Rising credit demand requires VietinBank to have good credit risk management skills: from appropriate loan book structure to cautious approach on customer screening, appraisals and selection and screening to promote business activities on the basis of risk control.

b. Market risk

In 2016, the market is forecast to be complicated as important changes are expected with the two largest economies in the world - the US and China. In the US, better economic prospects with the FED's policy to raise interest rates will affect the dollar strength, made Libor interest rates rise and capital flows in developing countries to go back the US. Besides, China's economic slowdown after many years of strong growth led to production excess and high debt ratio, CNY continued to depreciate as a challenge to VND exchange rate as China and Vietnam has a close import-export relation.

A considerable risk in 2016 is the energy market. After a period of strong depreciation, oil price has slightly perked up, but remained at a relatively low level. Gasoline price is an important input of the economy due to its major impact on inflation. Energy market fluctuations may affect funding and lending interest rates.

Fast credit growth puts pressure on liquidity of banks as funding growth rate is lower than credit growth rate, especially when banks encounter difficulties in USD funding as the USD interest rate was

curbed down to 0%. VND deposit rates competition will be rather complicated when early in 2015, local commercial banks competed in setting higher interest rates on deposits for longer maturities, even interests on deposits of shorter maturities were driven to the highest ceiling rates. Funding rate increase affects lending rates directly which will have certain impacts on corporate and individual client's demand for loans.

In addition, the revision draft of Circular 36 puts pressure on banking liquidity and credit as specified in the direction of increasing real estate risk coefficient and reducing short-term funding rate for long-term loans. With a high credit growth target (18% - 20%), sound liquidity can be an issue for banks in 2016 due to challenges in funding and NPLs in the past in the context of an on-going restructuring process.

c. Operational risk

The banking and financial sector's extensive operating network, large trading volume and product diversity led to pressure on the accuracy, integrity and security requirements in operation. Well-aware of these facts, we continue to upgrade regulations, processes and information technology infrastructure to minimize potential loss in finance, reputation and legal risk related to money laundering, terrorist financing, sanctions etc. Especially, programs to mitigate moral hazard such as rotation policy, decentralized authorization, Headquarters' checkpoints at branches, Ethic hotline remain central in our strategic plan.



2015 PERFORMANCE REVIEW





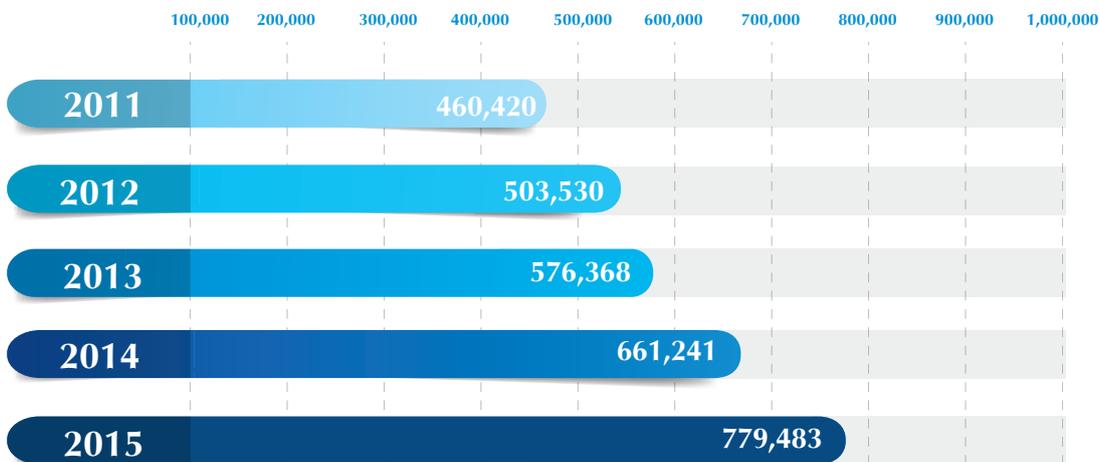
1

PERFORMANCE REVIEW

VietinBank's asset size remained the largest in the local banking system, its average growth rate increased by 20% every year in the past 10 years. As at 31 December 2015, VietinBank total assets reached VND 779,483 billion, increased by 17.9% from 2014, equivalent to 105% 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 2015 was VND 712 trillion, an increase of 20% compared to that of 2014 and reached 105% of the target set at the General Meeting of Shareholders.
- **Loan growth:** Along with the prosperity of Vietnam economy, the local banking sector's credit growth reached 18%, exceeding that the figure of 2015. VietinBank's gross loans as at 31 December 2015 reached VND 677 trillion, equivalent to 110% of the target set at the General Meeting of Shareholders, increased by 25% compared to that of 2015. Loans to customers reached VND 538 trillion, up by 22.3% as the major contribution to the industry's overall lending.
- **Investment:** Investment portfolio is always flexibly adjusted to optimize profitability, ensure liquidity. It constantly grows both in size and performance. By the end of 2015, total investment value of the Bank was VND 195 trillion, up by 10.3% compared to that of 2014 and accounted for 25% of total assets. Investment in the interbank market accounted for 34%, investment in valuable papers accounted for 64%, joint ventures was 2%.
- **Foreign Currency Trading:** saw a good growth. Foreign currency trading turnover on the interbank market increased by 143%, profit increased by 147% compared to that of 2014. On primary market (source of direct funding from individuals and economic organizations), turnover rose by 9%, profit increased by 10% compared to that of 2014. VietinBank well-maintained the 2nd place in market shares, and played a pivotal role of a market player. In the context of foreign exchange fluctuations, VietinBank has timely advised customers on the most optimal scheme for foreign currency trading which fully met customer needs in foreign currency and contributing positively to stabilize the foreign exchange market.
- **Trade Finance:** VietinBank Main Operation Center changed its name to Trade Finance Center, our centralized operation has improved remarkably in operational process and boosted sales of traditional products in parallel with the development of more diversified products and services to meet the needs of specific customer segments and promote cooperation with local & foreign reputable banks. Turnover of international payment and trade finance increased by 10.6% and fee income increased by 17% compared to that of 2014.
- **Business results of subsidiaries:** 2015 saw many positive changes in the operations of our subsidiaries and overseas branches. Total pre-tax profit was over VND 360 billion, increased by 40% compared to that of 2014; In particular, the successful upgrade from VietinBank branch into a subsidiary bank in Laos since July 31st 2015 has marked a new development & empowerment of VietinBank in Laos.

Total assets (VND Billion)



Total Funding (VND Billion)



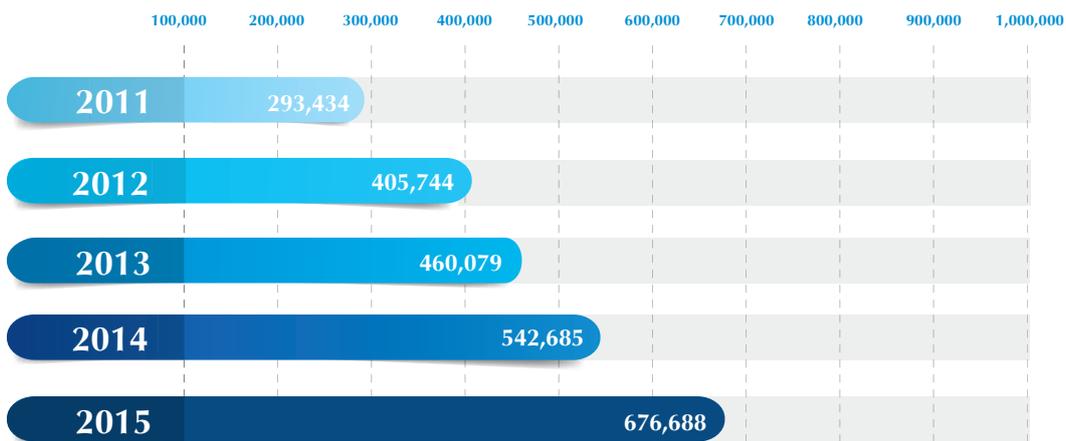
Charter capital (VND Billion)



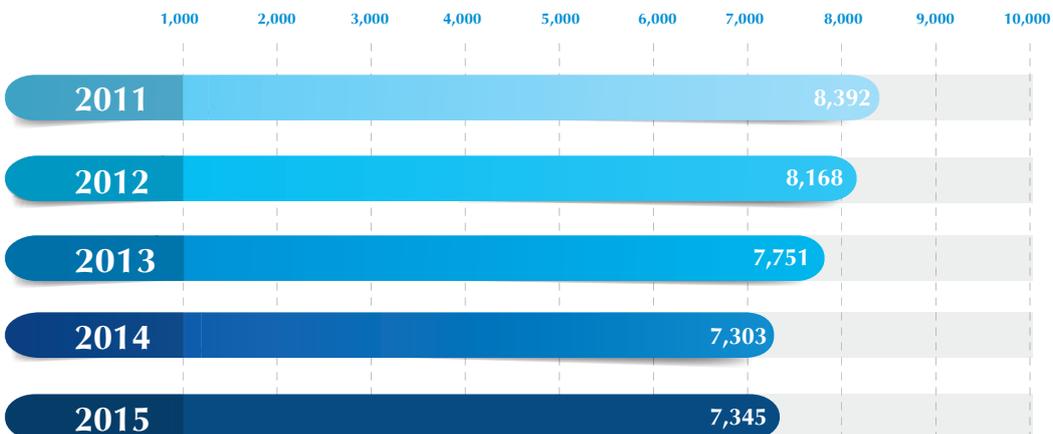
Total mobilized fund (VND Billion)



Gross loans (VND Billion)



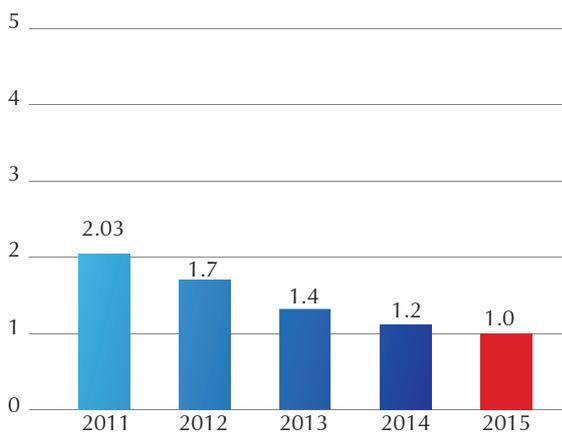
Profit before tax (VND Billion)



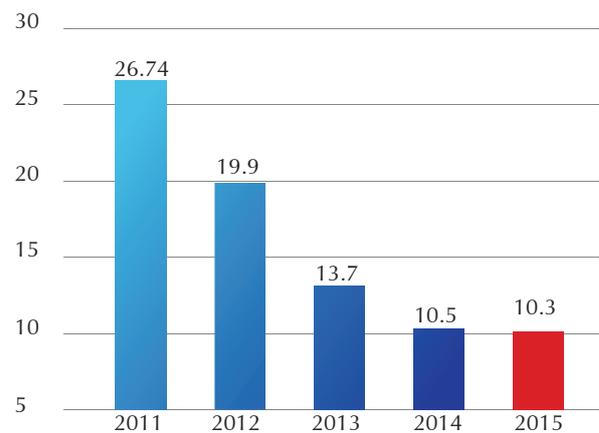
Profit after tax (VND Billion)



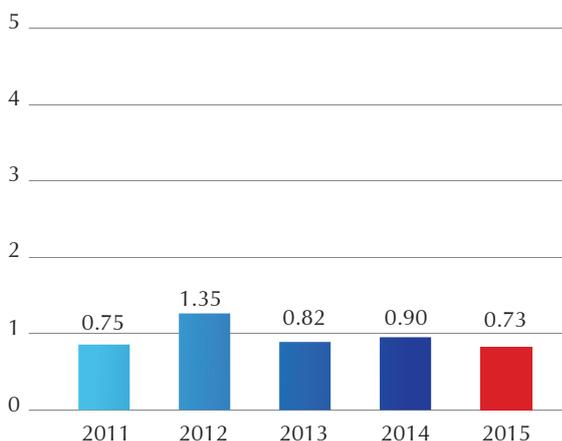
ROA (%)



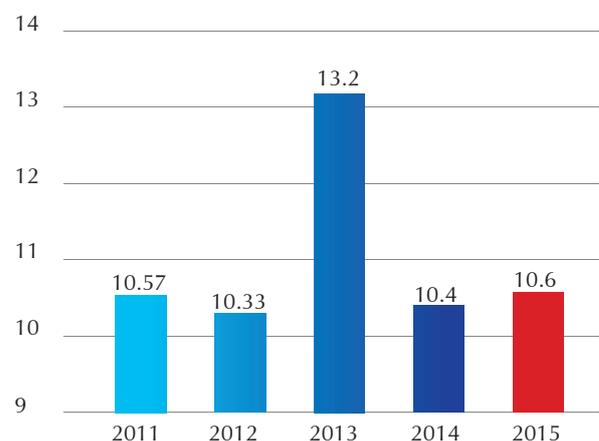
ROE (%)



NPLs ratio (%)



Capital Adequacy Ratio (CAR) (%)



2015 Performance vs. Objectives:

Indicators	31/12/2014	31/12/2015	Compared to 31/12/2014		Target of GSM 2015	Percentage achieved vs. objectives 2015
			+/- VND billion	+/- %		
Total assets	661,242	779,483	118,241	17.9%	746,000	104.5%
Gross Loans	542,685	676,688	134,003	24.7%	613,000	110.4%
Total Funding	595,096	711,785	116,689	19.6%	676,000	105.3%
Equity	55,259	56,110	851	1.5%	58,883	95.3%
Charter capital	37,234	37,234	0	0.0%	49,209	75.7%
Profit before tax	7.303	7.345	42	0.6%	7,300	100.6%
ROAA	1.2%	1.02%			1.0% - 1.2%	Achieved
ROAE	10.5%	10.3%			10% - 11%	Achieved
NPLs ratio	0.9%	0.73%			<3%	Achieved
Capital Adequacy Ratio (CAR)	10.35%	10.58%			>9%	Achieved

Unit: VND billion

In 2015, the first year of medium-term business strategy recorded positive successes of VietinBank's growth and effective performance. Accordingly, total assets, gross loans, total funding, profit and performance indicators achieved and exceeded their targets set by GSM. NPLs ratio was at the lowest level of the whole industry, our credit structure has changed strongly under rightful orientation. Service activities were implemented with many positive changes, increasing the proportion of non-interest revenues in total operating revenues, reducing dependence on traditional credit operations.

Investment activities were diversified with more diversified derivatives and commodities products. Investment in corporate bonds recorded outstanding progress with growth rate above 30%. VietinBank continues to maintain its role as one of market makers. However, due to the delay in the merger between VietinBank and Petrolimex Group Commercial Joint Stock Bank (PG Bank), VietinBank's equity and charter capital indicators did not meet GSM's targets. Currently, VietinBank and PG Bank have submitted set of merger documents to the SBV for the SBV's submission to Prime Minister for approval. Once the official approval is issued, the transfer and consolidation of the two financial institutions will be expected to complete within 3 months.



2

FINANCIAL POSITION OF 2015

A. FINANCIAL POSITION	Unit	2015	2014	% change
Total assets	VND Billion	779,483	661,142	17.9%
Gross loans and investments	VND Billion	733,255	616,879	18.9%
<i>In which: Gross Loans</i>	VND Billion	676,688	542,685	24.7%
Revenues (Interest and similar income)	VND Billion	42,472	41,357	3%
Taxes and other payables	VND Billion	2,482	2,105	17.9%
Profit before tax	VND Billion	7,345	7,302	0.6%
Profit after tax	VND Billion	5,717	5,728	-0.2%
ROA	%	1.0%	1.2%	
ROE	%	10.3%	10.5%	

B. KEY FINANCIAL INDICATORS

1. Capital

Total equity	VND Billion	56,110	55,259	1.99%
Charter capital	VND Billion	37,234	37,234	0%
Capital adequacy ratio	%	10.6%	10.4%	

2. Business results

Special mentioned loans	VND Billion	3,211	3,771	-14.85%
NPLs	VND Billion	4,924	4,905	0.38%
Loans to Deposits Ratio (LDR)	%	86.6%	86.7%	
Special mentioned loans/ Gross loans	%	0.47%	0.69%	
NPLs/ Gross loans	%	0.73%	0.90%	

3. Liquidity

Liquidity reserve ratio	%	11.9%	15.7%	
Proportion of short-time capital sources used for the medium and long term loans	%	33.84%	25.86%	

In 2015, VietinBank maintained its role as the first bank of choice in helping entrepreneurs to overcome difficulties and promoting the economy development. VietinBank delivered promotional programs with favourable interest rates to sectors which are encouraged by the Government. Simultaneously, growth in terms of scale and in depth was enhanced in order to mitigate profit deficit, which explained a slight reduction in ROA and ROE compared to the figures in 2014. Besides, the uncompleted merger with PG Bank also affected the ratios regarding with total equity of VietinBank.

3

SHAREHOLDING STATISTICS

Shares

- Total number of ordinary shares issued: **3,723,404,556**
- Total number of outstanding shares: **3,723,404,556**
- Treasury shares: **0**
- Dividends & profit distribution to shareholders: 2015 dividends are yet to be distributed to shareholders.

Shareholder structure

- **State Shareholder:**

No	Name of Shareholder	Address	No. of shares	(%)
	State Bank of Vietnam Represented by:		2,400,204,956	64.46%
1	Mr. Nguyen Van Thang, Chairman of the Board (40%)	49 Ly Thai To street, Hoan Kiem district, Hanoi	960,081,982	25.79%
2	Mr. Le Duc Tho, Board member & General Director (30%)		720,061,487	19.34%
3	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	2121 Pennsylvania Avenue, NW, Washington. DC 20433 USA	98,017,588	2.63%
4	Others		66,152,269	1.78%
	Total		1,099,638,640	29.53%

- **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
1	State Bank of Viet Nam Represented by:	15/SL	2,400,204,956	64.463%	2,400,204,956
	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	Internal shareholders		275,478	0.0074%	275,478
	Board of Directors		259,114	0.007%	259,114
	Supervisory Board		16,364	0.0004%	16,364
3	VietinBank's Trade Union	310/ToC- CĐNH	42,734,749	1.148%	26,800,000
4	Strategic shareholders				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	CA6217	734,604,384	19.729%	734,604,384

- Share transaction information of the Board, Management Board, Supervisory Board and related persons: NA

5

INVESTMENTS AND PROJECTS EXECUTED IN 2015

MAJOR INVESTMENTS IN 2015

- Major investments in 2015 (including financial investments and project investments), the status of major projects: None

SUBSIDIARIES, ASSOCIATED COMPANIES

VietinBank Fund Management Company Ltd.



- **Overview:** VietinBank Fund Management Company is a wholly owned subsidiary of Vietnam Joint Stock Commercial Bank for Industry and Trade, established under License No. 50/UBCK-GP dated 26 October 2010 of the State Securities Commission and adjusted under License No. 39/GPDC-UBCK dated 30 December 2013. The Company's charter capital is VND 950 billion.
- **Registered Office:** 6th floor, 34 Cua Nam street, Hoan Kiem district, Hanoi
Tel: 04.39388855 **Fax:** 04.39388500
- **Main business:** Planning and management of securities investment funds, securities investment companies, portfolio management of investment trust, consultancy of securities investment and other services allowed by laws.
- **Business results on 31 December 2015:** At the end of 2015, the company achieved relatively impressive business outcomes, which were higher than the target of VietinBank. Total assets on 31 December 2015 were VND 1,034.9 billion, slightly increased by 1.1% compared to the figures at the end of 2014; while total entrusted assets of the company were approximately VND 2,400 billion. Revenue (from entrusted portfolio management, investment advisory, etc.) increased significantly through years, reached VND 19.6 billion in 2015. Profit before tax of the company in 2015 was VND 59.92 billion, which was higher than the figures in 2014 by 20%. In October 2015, the company gained the license to establish "VietinBank Value Discovery Investment Fund - VVDIF" with VND 100 billion in terms of capital base.

VietinBank Insurance Company Ltd.



- **Overview:** VietinBank Insurance Company Ltd. (trading name: VietinBank Insurance and Abbreviation: VBI) was formerly known as a joint-venture between VietinBank and Asia Insurance Singapore with equal partnership. On 17 December 2008, the Ministry of Finance granted Amendment License to allow the change of name to VietinBank Insurance Company Ltd. Together with this adjustment; VietinBank acquired the paid-up capital of former foreign partner and became the sole owner.
- **Registered Office:** 10th, 11th floor, 126 Doi Can street, Ba Dinh district, Hanoi
Tel: 04.39425650 **Fax:** 04.39425646

- **Major Business:**

- Non-life insurance products and services including property insurance, technical insurance, liability insurance, mixed insurance, vehicle insurance, marine insurance, cargo insurance, personal insurance;

- Re-insurance;

- Financial investment.

- **Business results on 31 December 2015:** In 2015, the company business continued developing and expanding. Revenue from insurance business reached VND 409 billion, increased remarkably by 70% compared to that of 2014; 2015 was the second year that the company remained strong growth. In which, revenue from ordinary premium was higher than that of 2014 by 86% and ceding commission revenue increased by 207%, compared to that of 2014. Along with strong growth in terms of revenue above, the market share and image of the company were improved and enhanced. In particular, in terms of market share, 0.5% in 2013 and 0.8% in 2014, the figure increased significantly by 2% in 2015 (meanwhile previous years always had lower rates, under 0.2%). Profit before tax of the company in 2015 was VND 68,4 billion, up to 8.3%, which increased by 13% compared to the figures in 2014.

VietinBank Leasing Company Ltd.



- **Overview:** VietinBank Leasing Company Ltd. is an independent accounting subsidiary of Vietnam Joint Stock Commercial Bank for Industry and Trade, established under Decision no. 53/1998/QĐ-NHNN5 dated on 26 January 1998 of the Governor of the State Bank of Vietnam. Certificate of business registration was granted for the first time by Hanoi Authority for Planning and Investment on 09 July 2013, and was registered to change as the 9th times on 26 October 2015. Since August 2009, the Company was approved by VietinBank and the SBV to switch to the model of a leasing company. The company's current charter capital is VND 1,000 billion.

- **Registered Office:** 16 Phan Dinh Phung street, Ba Dinh district, Hanoi

Tel: 04.38233045 **Fax:** 04.3733579

- **Major Business:** Financial leasing for businesses, individuals, families, and other organizations that are lending subjects of credit institutions; Purchase and lease in form of financial leasing; Sell receivables from financial leasing contracts for organizations and individuals; Syndicated financial leasing as prescribed by the State Bank of Vietnam; Asset management services related to financial leasing; Raising capital of organizations; Activities of insurance agents; Other activities as prescribed by law.

- **Business results on 31 December 2015:** VietinBank Leasing Company in 2015 attempted at restructuring business operation, increasing operational efficiency and the company gained encouraging results, which were higher than its targets. As at 31 December 2015, Profit before tax was VND 101.9 billion, increased by 22.1%. Total assets on 31 December 2015 reached VND 1,674.7 billion, increased by 17.8% compared to the figures on 31 December 2014. Gross leasing on 31 December 2015 was VND 1,687 billion, increased by 17% compared to the figures at the beginning of the year. NLPs rate was 2.17%. In 2015, VietinBank adjusted to increase the charter capital of VietinBank Leasing company from VND 800 billion to VND 1,000 billion, in order to enhance financial capacity, expand business and comply with restricted ratios according to relevant regulations.

VietinBank Securities Joint Stock Company Ltd.



- **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 1 July 2009 of the State Securities Commission.
- **Registered Office:** 306 Ba Trieu street, Hai Ba Trung district, Hanoi
Tel: 04.62780012 **Fax:** 04.39741760
- **Major Business:** securities business including brokerage, proprietary trading, underwriting, investment advisory, financial advisory and securities custody.
- **Business results on 31 December 2015:** In 2015, the company achieved encouraging outcomes, especially, corporate finance advisory had sustainable growth, leading to the higher reputation, position and image of VietinBank. The company's revenue was VND 235,068 billion, increased by 33% compared to the target; Profit before tax was VND 95.13 billion, total assets were above VND 1,325 billion, increased by 22% compared to the figures at the beginning of the year. Stock advisory had outstanding performance. In particular, in 2015, the company completed more than 80 advisory contracts, in which most of them were advisory in issuing corporate bonds and fund arrangements.

VietinBank Gold and Jewellery Trading Company



- **Overview:** VietinBank Gold and Jewellery 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 of Hanoi Authority for Planning and Investment No. 0105011873 issued for the first time on 25 September 2010. The Company's current charter capital is VND 300 billion.
- **Registered Office:** 11st floor, 34 Cua Nam Building, Cua Nam street, Hoan Kiem 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, jewellery 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.

- **Business results on 31 December 2015:** Total revenue of the company was VND 32,8 billion, increased by 20% compared to that of 2014. In which, net profit from sales and providing services was VND 19.2 billion, increased by 115% compared to the figures in 2014; it was achieved through diversified products. Further more, profit gained from financial activities, was VND 13.3 billion. Profit before tax of the company was VND 8 billion, which was recognized as the moderate growth (by 180%) when comparing to 2014's business results.

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: 08.39202020 **Fax:** 08.39203982
- **Major Business:** Receipt and management of mortgage, pledged assets and collateral valuation, etc.
- **Business results on 31 December 2015:** Acting as an independent unit supervised by VietinBank, the primary duty of the company is to support VietinBank branches in evaluating collaterals. It contributes actively to risk management system of VietinBank, the effectiveness of the company is shown in the overall business outcomes of the whole system.

At the end of 2015, the company's total revenue was VND 17.97 billion, in which asset evaluation activities contributed mostly to its revenue, reached VND 14.7 billion, increased by 23.05% compared to 2014's figures; Profit before tax reached VND 2.9 billion.

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:** 3rd floor, VietinBank Building, 126 Doi Can street, Ba Dinh district, Hanoi
- **Major Business:** Financial intermediation

- **Business results on 31 December 2015:** In 2015, although remittances faced difficulties due to global economy, politics (the decrease in oil price led the oil export countries to get rareness of foreign currency sources; the depreciation of Rupee and Euro affected to employability, which is considered as the main income source to transfer money of overseas Vietnamese back to Vietnam), VietinBank Global money transfer company achieved good outcomes, contributing to VietinBank's reputation and brand name domestically and internationally. Profit before tax was VND 11,025 million, up to 10%. Return on equities (ROE) was reported at 15%.

VietinBank Lao Limited



- **Overview:** VietinBank Lao Limited is the first bank overseas, fully funded by VietinBank. It was established on 1 August 2015 under License no 512/ERO dated 27 July 2015. On 31 December 2015, the charter capital of VietinBank Lao Limited was USD 50 million.

- **Registered Office:** No 029 Khounboulom, Vatchan, Chanthabouly District, Viengchan, Laos

Tel: +856.21263997 **Fax:** +856.21261026

- **Transaction office:** : Unit 22, Phonkung, Pakse town, Champasak province, Laos

Tel: +856.31260379 **Fax:** +856.31260371

- **Major Business:** Finance - Banking services

- **2015 business performance and results:**

After 4 years entering Laos market, VietinBank Lao Ltd. is operating effectively and steadily to build its brand in the neighbouring country. On 31 December 2015, gross loans were more than USD 140.5 million, increased by 100% when compared with 2014's figures. Total deposit was VND 132.6 million, up to 50% compared to 2014's figures. Total assets in 2015 were USD 190 million, increased by 55%. Profit before tax was USD 3.5 million in 2015 (up by 40%), and accomplished 100% of the target set by GMC. Return on assets (ROA) was 3.55% while return on equity (ROE) was 12.55%.

Apart from positive business figures, VietinBank Laos Ltd. also concentrates on improving human resources and governance with high quality and professionalism. In an effort to provide customers with modern & practical products as well as supporting the development of entrepreneurs and individuals, the contribution of VietinBank Laos Ltd. is expected to create the bridge promoting economic exchanges of commerce and investments between Laos and Vietnam.

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, equals VND 400 billion.
- **Registered Office:** 10th floor, Tower B, Handi Resco Building, 521 Kim Ma street, Ba Dinh district, Hanoi
- **Major Business:** Life Insurance
- **Business results on 31 December 2015:** Revenue of ordinary premium in 2015 was above VND 426 billion, up to 4.3 times. Because the company pushed up marketing activities, sales, branch expansion and sales points in order to rise market share and get new customers; therefore, ordinary premium went up considerably. Currently, the company is leading in term of Banca turnover in Vietnam. Besides that, it is also in top 10 insurance companies, which have largest market shares in Vietnam.

Indovina Limited Bank (IVB)



- **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
- **Business performance and results on 31 December 2015:**

Total assets reported on 31 December 2015, were VND 27,261 billion, up to 10.21%. In which, gross loans were VND 14,234 billion, accounted for 52% of total assets, up to 5.76%. Standard loans accounted for 95% of gross loans, up to 11%; while NPLs ratio was 5%. The company's total equity were VND 4951.4 billion, slightly increased by 2.5% compared to the figures in 2014; the charter capital was maintained at USD 193 million. Payables went up 12% due to the significant increase in customer deposits up to 18.8%, from VND 15,960.3 billion to VND 18,961.1 billion.

Interest income in 2015 was VND 1,416 billion, increased by 7% compared to the figures in 2014, meanwhile interest expense decreased by 2.3%, leading to good increase in interest income (16.2%). Figures indicated that the company's primary business (loan and funding) was effectively implemented in 2015. Profit before tax was VND 345.2 billion, down to 16.6%, due to provision increase. ROE and ROA were 5.4% and 1%, respectively.

REPORT OF THE BOARD OF MANAGEMENT



1

2015 PERFORMANCE REVIEW

In 2015, in the context of complicated world economic situations, due to slow and uneven recovery of world's largest economies, the local economy had seen many positive changes with macroeconomic policies being managed in a flexible, proper and timely manner that fostered economic growth. GDP growth in 2015 reached 6.68%, the highest increase within the last five years that exceeds set target; quarter-on-quarter growth rate was also achieved. CPI in 2015 increased by 0.63% compared to that of 2014, marking a chapter of stability after the longest inflation period in the last decade. Domestic demand improved, indicated by the estimated increase of 9.5% in total retail sales of goods and services against 2014. Local enterprises made remarkable improvement in terms of registered capital, increased capital, number of newly registered companies and number of companies returning to business. However, the local economy still faced with many challenges including increased public debt, difficulties in state budget balance, and the returned trade deficit after three consecutive years of trade surplus.

2015 marked a successful year of VietinBank with excellent achievements in development in size and performance efficiency. The Board of Directors continued to promote the Bank's inner strength, implemented well-defined policies and closely steered the Bank in its well-defined business operations, thus playing a pivotal role in the Bank's numerous positive achievements towards sustainable development of international standards and best practices while ensuring interests of shareholders and employees. These achievements, once again, reaffirmed the Bank's leading position in terms of scale, growth momentum and performance.



1.1. Rapid loan and investment growth in line with well-controlled asset quality and positive restructuring

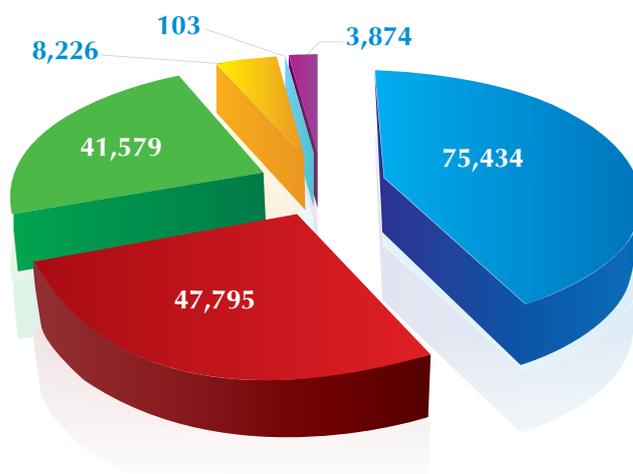
- As of 31 December 2015, gross loans reached VND 677 trillion, up to 24.7% (higher than industry's average growth rate), reached 110.4% of the plan

+ Gross loans 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 packages were 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 2015, NPL ratio was 0.73% and was lower than the industry average.

- As of 31 December 2015, the Bank's total investment reached VND 195 trillion, accounting for 25% 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 reserve and enhance the Bank's role and position in the market.

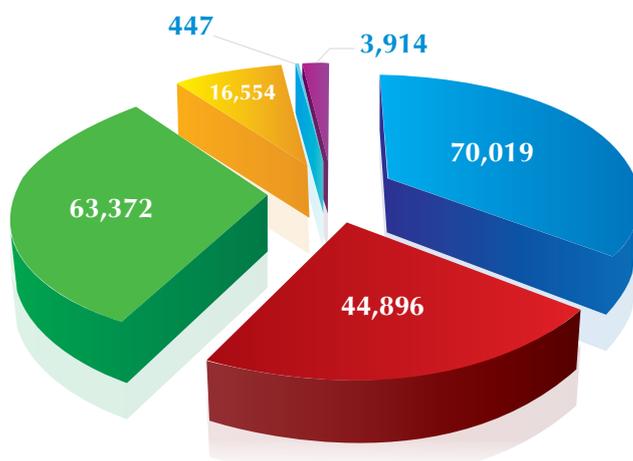
2014 Investment Portfolio



- Placements with and loans to other credit institutions
- Debt securities from economic organizations
- Equity securities
- Debt securities from the Government
- Debt securities from credit organizations
- Capital contribution, long-term investment

Unit: VND billion

2015 Investment Portfolio

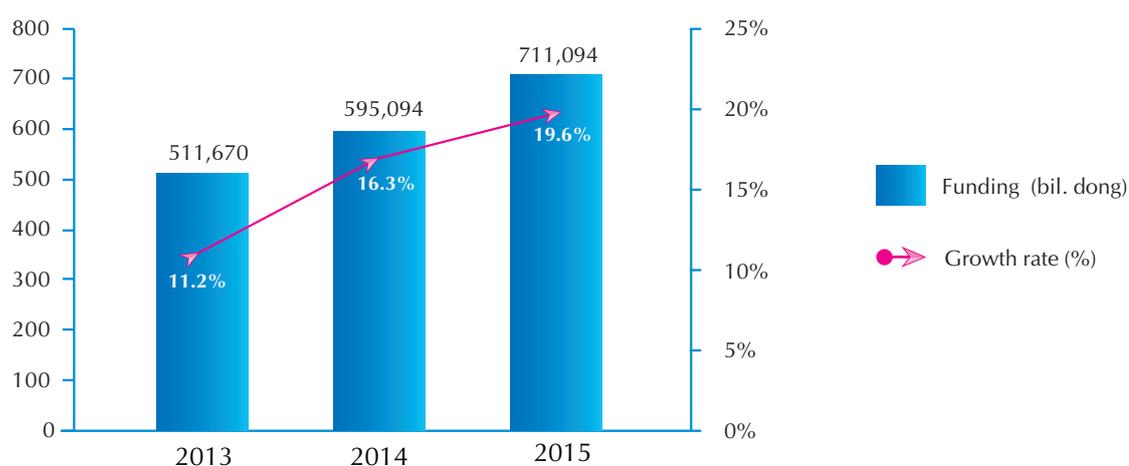


- Placements with and loans to other credit institutions
- Debt securities from economic organizations
- Equity securities
- Debt securities from the Government
- Debt securities from credit organizations
- Capital contribution, long-term investment

Unit: VND billion

VietinBank continued to maintain funding growth in line with demand and diversification plan

As of 31 December 2015, VietinBank's total funding was VND 712 trillion, up to 19,6% and reached 105,3% of General Meeting of Shareholders' plan. Funding from corporate clients increased by 15.1% and from individual customers increased by 17.1%. International funding from ODA, ADB, WB etc. positively increased by 28% compared to 2014. These achievements once again reaffirmed the Bank's strong brand and reputation in the context of high competitive pressure.



VietinBank stepped up scale development and increased proportion of service revenue and performance efficiency

In 2015, VietinBank continued to provide many modern technology-integrated products and services to fully meet growing and diverse demands of customers.

- **Payment service was strongly developed as the solid foundation for new business strategies:** VietinBank has always been the leader in providing synchronized payment solutions for different customer segments. Especially, we are the leading commercial bank that takes part in building inter-sector payment schemes. In addition, VietinBank was honored by Visa International Service Association as the leading bank in international payment proportion.
- **VietinBank continued to lead the local market with our card business, including ATM & POS cards and services** with payment volume up to 61% compared to 2014. The Bank also maintained its market shares in domestic debit cards, international card, and POS network.
- **E-Banking service** showed strong growth in both quality and value of transactions
- **Trade finance service saw many remarkable changes:** handling procedures were upgraded and traditional trading products were further developed in parallel with the diversification of products & services to meet the demand of each customer segment. Co-operation with local and international reputable banks was also stepped up.
- **Dominance in overseas remittance is maintained:** The network of overseas remittance payment was expanded. New remittance channels have been promoted with reputable partners in such key markets as the USA, Canada, Korea, Taiwan, Malaysia, Laos etc. In 2015, the Bank's total remittance volume accounted for 15% market share via banking channels.

- **Cash & vaults:** Professionalism was improved with further expansion of funding scale at branches and transaction offices and the application advanced processing software in the system.
- **Investment banking service:** Consultancy services for corporate bond issuance, equitization, deinvestment of state companies were promoted. Especially, in 2015, M&A activities developed both in terms of quantity and quality, helping to enhance the image and brand value of VietinBank in both the domestic and international market.
- **Foreign Currency Trading:** VietinBank maintained its second largest market shares and its status as one of the banking leaders and market makers. Despite many changes in the forex market, VietinBank provided timely consultancy to help customers have optimal solutions in forex trading, fully met demand for foreign currency, and positively contributed to the stability of the forex market.

The leading position in the local commercial banking system in terms of financial competency and profit efficiency

- **Subsidiaries and foreign branches:** Our Subsidiaries and foreign branches reported profit as of the end of 2015 with the profit before tax of VND 363 billion, an increase of VND 97 billion (37%) compared to 2014 result. All achieved profit growth in 2015; particularly, VietinBank Leasing Company Limited reported record growth rate of 21%, equaling VND18 billion. 2015 marked a new development step as VietinBank position in the Lao market was enhanced as the bank branch was transformed into a 100% VietinBank-owned subsidiary with charter capital of USD 50 million.
-



The leading position in the local commercial banking system in terms of financial competency and profit efficiency

- VietinBank maintained its position as the strongest capitalized bank, reflected by highest Shareholders' Equity (VND 56,110 billion) and charter capital (VND 37,234 billion) in the local banking system as of 31/12/2015. In 2015, due to a delay in the merger between VietinBank and Petrolimex Group Commercial Joint Stock Bank (PG Bank), the Bank's indicators for Shareholders' Equity and charter capital did not meet set targets according to General Meeting of Shareholders' plan. Both banks have submitted merger documents to the State Bank of Vietnam and the Prime Minister for approval. Once an official approval is issued, the transfer and integration of the two banks is intended to complete within three months.
- Profit before tax in 2015 was VND 7,345 billion, reached 100.6% of the General Meeting of Shareholders' plan. There were many positive changes in service revenue with an increase of 25% against 2014, accounting for 11.7% of the Bank's total operating income. Profitability ratios such as ROA and ROE reached 10.3% and 1.02%, respectively, and met the targets according to General Meeting of Shareholders' plan.

2

FINANCIAL HIGHLIGHTS

i. Assets

- **Total assets** as of 31/12/2015 reached VND 779 trillion, an increase of 17.6%, equaling 104% of General Meeting of Shareholders' plan in 2015.
- **Balances with the State Bank of Vietnam:** At the end of 2015, there was a 20% increase from the beginning of the year. VietinBank fully complied with the SBV's regulations in terms of required reserves.
- **Balances with other credit institutions:** By 31/12/2015, placements with and loans to other credit institutions reached VND 66 trillion, down by 12% compared to that of 2013, of which term deposits in VND showed a strong shift to foreign currency, accounting for 68% of total deposit. Loans to other credit institutions increased 46% compared to that of 2014.
- **Investment securities** registered a strong growth in both size and profitability. The size of the Bank's investment securities portfolio in 2015 increased by 28% with the focus on securities issued by financial institutions and local economic entities while Government securities declined by 6% compared to that of 2014. Profit from investment securities was VND 53 billion, a 130% increase compared to that of 2014.
- **Loans to customers:** In line with signs of economic, production and trading recovery, loans to customers in 2015 also achieved an impressive growth rate: it increased by 16.9%, which was higher than the industry average ratio (18%). The proportion of gross loans to total assets was kept at 69%. The growth of outstanding loans focused on the segment of individual customers and sectors encouraged by the Government as outlined in the business strategy of the Board of Directors. Growth in loan interest revenue was equivalent to the growth of outstanding loans; it increased by 5% in 2014, showing a remarkable improvement over 2013.
- **Loan quality** was closely controlled and strictly complied with loan classification requirements by the SBV. VietinBank continued to maintain top asset quality with non performing loan (NPL) ratio kept at 0.73% - the lowest ratio among commercial banks in Vietnam.

ii. Liabilities

- **Total liabilities** by the end of 2014 reached VND 723 trillion, up by 19% compared to that of 2014.
- **Deposits and borrowings from other credit institutions** declined by 4% compared to that of 2014 due to a 10% decrease in borrowings from financial institutions while deposits increased by only 3%.
- **Deposits from customers:** As of 31 December 2015, deposits from customers increased by 16% compared to that of 2014, of which, term deposits in VND increased by 15% and the proportion of term deposit in total deposits was 18%, equivalent to that in 2014.
- **Shareholders' equity:** In comparison with 2014, the Bank's equity structure had the following changes: Shareholders' equity reached VND 56,110 billion, an increase of 2% compared to that of 2014 and charter capital remained at VND 37,234 billion. As a result, VietinBank's position as the bank with largest Shareholders' equity and charter capital in the Vietnamese banking system was maintained. By now, both banks have submitted merger documents to the State Bank of Vietnam and the Prime Minister for approval. Once an official approval is issued, the transfer and integration of the two banks is intended to complete within three months.

- **Share premium** reached VND 8,975 billion, equivalent to that of 2014. Share premium/Equity ratio reached 16%, a slight decrease compared to that of 2014.
- **Retained earnings** reached VND 3,942 billion, down to VND 198 billion compared to that of 2014.
- VietinBank stepped up in monitoring compliance with regulations & business processes in credit-granting activities, reviewed and successfully carried out loan classification in accordance with Circular No.02 of the SBV. This was a major shift in governance which contributed the improvement in risk measurement. It helped the Bank fully meet the requirements in Circular No.02 and approached international norms for proactively detecting major risks in the early stages and having appropriate credit solutions. Close co-ordination with state management agencies including supreme courts, enforcement agencies, and police was kept to enhance timely support from these units and solve difficulties in debt handling and collection. Aggressive actions were made in processing and recovering NPLs and debts sold to the Vietnam Asset Management Company (VAMC), which helped to speed up the refinancing process. By December 2015, the accumulated debt sold to VAMC reached over VND 10 trillion in line with the Government and SBV's guidelines to cut the NPL ratio below 3%. **In 2015, VietinBank continued to maintain sound asset quality with NPL ratio at 0.73% - the lowest ratio among commercial banks in Vietnam.**



3 INNOVATION AND IMPROVEMENT IN ORGANIZATION AND CORPORATE GOVERNANCE

2015 saw complicated economic changes and fierce competition in the banking industry, many new SBV regulations regarding loan classification, risk management and safe operation also came into effects. In accordance with directions from the SBV and resolutions from the Board, we were able to express strong flexibility in managing and implementing rapid but sustainable growth policies right from the first few months of the year. VietinBank also actively assisted the SBV in restructuring financial institutions and improving financial competency for the entire banking system. The Board has prepared and implemented a number of important directions and solutions since 2015.

3.1. Flexibility and innovation in business management

- In 2015, VietinBank enhanced strategic corporate governance competency by completing the medium-term business strategy for 2015 - 2017 with the goal of **“maintaining continuously high growth and becoming largest bank by asset size and most profitable bank in Vietnam by 2017”**. The medium-term strategy enhanced cooperation and coordination of business strategies with technology, risk management, corporate governance and human resource strategies to create the Bank’s overall strength.



- In addition, thanks to the successful implementation of VietinBank restructuring scheme according to the SBV's approval, our competitiveness, governance and financial competency were improved. This achievement contributed to the success of the "Restructuring of financial institutions plan for the 2011-2015 period" under Decision no.254 dated March 1st, 2012 of the Prime Minister. With the role of a pioneering bank, VietinBank actively supported the restructuring efforts of poorly-performed commercial banks in line with the Government and SBV's directions in order to improve efficiency and ensure the safety and soundness of the banking system. With VietinBank's support, GPBank and OceanBank's operation gradually stabilized and promising results were achieved.
- Credit structure strongly shifted towards our strategic plan with the aim of building the No.1 brand in retail banking activities in order to achieve breakthrough growth in the potential segments of SME and FDI customers while maintaining the top market share in the segment of large corporates.
- While closely monitoring and forecasting the market, VietinBank proactively making capital plans to ensure liquidity, optimize efficient use of capital; and timely meet capital demand for operations. The Bank also implemented special credit programs in line with safety limits stipulated by the SBV.
- Service activities are widely developed with positive changes: Service revenue in 2015 increased by 25%; its proportion in total revenue also reached 12%, a slight increase over the 10% ratio in 2014. Many modern technology-integrated service products were developed to meet the growing and diverse demands of customers

3.2. Drastic measures were taken in asset quality control and NPL handling

VietinBank stepped up in monitoring compliance with regulations, business processes in credit-granting activities, reviewed and successfully carried out loan classification in accordance with Article 11 in Circular No.02. This was a major shift in governance which contributed the improvement in risk measurement. It helped the Bank fully meet the requirements in Circular No.02 and approached international norms for proactively detecting major risks in the early stages and having appropriate credit solutions. Close co-ordination with state management agencies like courts, enforcement agencies, and police was implemented to increase timely support from these units and solve difficulties in debt handling and collection. Aggressive and drastic actions were implemented in processing and recovering non-performing loans and debts sold to the Vietnam Asset Management Company (VAMC), which helped to speed up the refinancing process. ***In 2015, VietinBank continued to maintain the top asset quality with NPL ratio kept at 0.73%- the lowest ratio among commercial banks in Vietnam.***

3.3. More effort was put in improving risk management and supervision according to international best practices

- Risk management: In 2015, besides the continued appliance of three lines of defense in its business procedures, VietinBank officially launched a hotline for moral hazard risks in line with international practices. Its goal is to provide an anonymous information channel for employees so that they can report suspicious behaviours and transactions of violating work practice from colleagues and management levels in all regions for transparency purposes. Also, appropriate punitive measures for deterrence were also applied towards building sound corporate culture for risk management.
- Innovation and enhancement of the internal audit mechanism were done via improving policies, procedures and upgrading appliances for operational control to ensure that non-compliance errors and big risks are timely detected at early stages. Issues of mechanism, procedures and systems were reviewed to support operations in the Bank's branches.

3.4. Upgraded infrastructure and accelerated modernization process of technology for a solid foundation to promote business activities

The Bank continued to implement strategic IT projects and ensure progress for the projects implemented in the 2016 - 2017 period. Special focus was placed on two key projects: Core Banking replacement and company database. Digitalization and technology innovation were accelerated, co-operation with strategic partners were promoted and IT was widely applied in corporate and business management.

3.5. Network development and organizational structure & business model reforms

- Restructured and strengthened the business model, ensured the effective operation of restructured and newly incorporated departments and divisions to promote management competency, risk management, specialization of business activities and approach the optimal business model of leading banks in the world. Transformed the business model of trading units (Corporate Banking, Retail Banking, etc.) to pave the way for business strategy implementation; Transformed the support units (Risk management, Human Resource, IT, etc.) to form the coherent & effective system.
- Renewal and network development: Performed regular review, assessment and restructuring for the network of transaction offices (with the focus on those in core cities such as Hanoi, Ho Chi Minh, Da Nang, Bac Ninh, Hai Phong, Central Highland, etc.) to appropriately distribute resources, explore the potential in each area, gain access and serve customers in different segments most effectively. Prepared necessary conditions for setting up 05 retail branches and Phu Quoc branch in 2016. 2015 marked a new development step as VietinBank position in the Laos market was enhanced by as our Laos branch was fully transformed into a 100% VietinBank-owned subsidiaries.

3.6. Reform in public relation and brand promotion was carried out through the active promotion of the banking industry's achievements in general and the Government and SBV's policies in particular. The Bank successfully carried out public relation programs and issuance of publication and videos to promote our brand value.

3.7. Social welfare was promoted for socio-economic development and enhancing VietinBank's position and brand

In 2015, VietinBank continued its leading role in charity and social welfare programs in 51 provinces and cities, including: building over 1,000 houses for poor households, 3 community cultural houses, 7 rural roads, and 51 schools; building and expanding 2 hospitals; building 9 medical clinics, Monument for martyrs in Gac Ma Island; renovating 2 Martyrs Cemeteries and Truong Bon Nghe An historical relics site; building Xuong Giang Victory Monument in Bac Giang provinve and taking care of 93 heroic mothers.

4

2016 DEVELOPMENT PLAN

In 2016, the global economy has a positive outlook with growth rate forecasted to be higher than that of 2015, however, the economy continues to develop unpredictably. The National Assembly adopted the 2016 socio-economic development plan towards macro-economic stability, which strives to a higher economic growth in 2015 and focuses on improving the growth quality, ensuring sustainable development, solving problems for businesses, and promoting production and business activities. In the context where Vietnam's economy is strongly transforming by participating actively in TPP and FTAs, it creates more opportunities for trade, strengthens FDI attraction for not only local enterprises but also the Vietnamese banking sector.

4.1. Business activities

- Research and development of products and services in line with business strategy: Continue to review and improve applicable policies, strongly improve service quality towards customer focus. Build and upgrade products and services in line with each region and each customer segment. Develop diversification of non-credit products, contribute to constantly increasing VietinBank's revenue.
- Promote sales based on chain links, enhance cross-selling activities and basically change sales methods towards overall benefits. Build basic packages to increase cross-selling for specific customers, optimally meet customer needs, and increase VietinBank's competitiveness.



- Continue to promote sales and build a culture of customer-oriented sales. Seek new customers to take a high market share in all segments. Build service quality standards at transaction points and train eligible sales staff. Implement programs that promote sales, support tools and dynamic mechanisms to create emulation movements and improve labor productivity throughout the system.
- Strengthen e-banking solutions as an alternative distribution channel and modern financial solutions. Develop core products such as Internet Banking, phone applications and test new business channels: Ebank via social networks and Telesale (sales and sales support, direct cross-selling through electronic channels thanks to customer information management tools, online marketing).
- Maintain its leading position in terms of profitability and efficiency in local market, constantly promote diversification of operating income structure, and increase the proportion of non-interest income and fee-based income. With set expected profit for 2016, VietinBank's ROA is forecast to range from 0.9% to 1.2% and ROE will lie between 10% and 11% in 2016.
- According to the restructuring plan, VietinBank will increase its shareholder's equity to over VND 64 trillion after the merger with PG Bank. The new shareholder's equity once again indicates VietinBank's leading position in charter capital where capital requirements under the Basel II are met. It also helps to improve VietinBank's competitive advantage in both regional and international market.

4.2. Risk management

- Strengthen initiative and coordination in credit portfolio management: our business units need to promote the leading role in shaping and building a business plan, focusing on customer orientation to adjust the Bank's credit portfolio towards reducing concentration on one/a group of customers/ industries particularly credit-restricted sectors of high risk potentials. Boost short-term credit growth and strictly control medium and long-term credit growth, increase secured lending with highly liquid collateral in order to minimize impact on debt classification results under qualitative methods as well as impact on the cost for a specific provision at VietinBank and enhance debt recovery when potential risk occurs
- Speed up the implementation of Basel II at VietinBank to timely complete the set target, improve risk management at VietinBank on the basis of consolidating the Bank's organizational structure, associating strategic risks with strategic businesses, completing risk management policies, IT infrastructure, standardizing data base and efficiently applying credit risk measurement model.



- Develop risk-based mechanisms for monitoring transaction offices from which monitoring reports for more than 1,000 transaction locations are made in order to provide management information in a timely manner; focus on identifying business units with hidden risks which require special support to overcome existing difficulties, reduce risks and improve operational efficiency.

Control other major operational risks: Control network safety and electronic information security, ensure that our customer and business information shall not to be disclosed improperly; implement measures to prevent, mitigate operational risks, and risks of business disruptions when the new corebanking system is launched in 2016.

4.3. Support activities

Continue to follow objectives of the National Payment Scheme and payment operations of the SBV to build and develop a sustainable payment platform, ensuring better risk control and efficiency of payment operations towards implementing transaction banking model, providing solutions and modern services to meet payment needs of all customers in a fast and efficient manner. Focusing on operational and billing system management, improving operational efficiency of the system, and maximizing automated processing capabilities of the system to increase the percentage of automatically-processed payments up to 75% of remittance. Strengthening coordination between Payment Center and Customer Divisions in order to promote cross-selling payment services.

5

MEDIUM AND LONG-TERM DEVELOPMENT PLAN

2015 was the starting year of the 2015 - 2017 medium-term strategy, and VietinBank was able to report initial positive results: our retail banking division has made great contributions to the Bank's asset growth as well as new customer acquisition and sustainable products development. Corporate banking division increased their loan portfolio to FDI and SMEs customers while service activities was also enhanced. Accordingly, VietinBank's executive management team committed to deliver a synchronous support mechanism, timely promote every business activity, motivate business units to implement various initiatives in order to realized set targets and the Bank's medium-term vision. In Vietnam, the integration trend will developed significantly in the future. With the open-door policy in the field of banking and finance, VietinBank new competitors other than traditional rivals, who possess modern technologies, abundant financial resources towards providing high quality products and services for customers are expected. Customer requirement are also increasing with tougher demands on service quality, therefore VietinBank is in the right time to modify its business model to ensure a sustainable growth where banking and financial needs of customers are met, cross-selling is enhanced, hence improving the structure of income sources and increasing non-interest income. In the medium-term strategy, VietinBank's executive management team has identified the key to build a strong presence of VietinBank is the provision of diversified products and services for businesses and individuals and comprehensive payment solutions to meet customer's financial needs. Only then, VietinBank will be the bank of choice for every financial need of individual and corporate clients.

EVALUATION OF THE BOARD OF DIRECTORS



In 2015, as the leading banking the local banking system, VietinBank has actively participated in and implemented every policy and guidance set by the Party, the Government and the SBV with an aim to maintain safe and sustainable growth. We dedicate all efforts implementing the Bank's well-defined strategy and achieving objectives with flying colours.

1 EVALUATION OF THE BOARD ON ALL ASPECTS OF BUSINESS OPERATION

1.1. In 2015, VietinBank has achieved significant results, as of 31/12/2015, our total assets reached VND 779 trillion, up by 17.9% compared to that of 2014 and accomplished 104.5% plan set at the General Meeting of Shareholders. VietinBank is among the largest financial institutions by asset size. Gross loans reached VND 677 trillion, up by nearly 25% and was higher than industry's average growth rate. Pre-tax profit in 2015 was reported at 7,345 VND billion, equivalent to 100.6% plan. Income structure was well-diversified, fee-based income significantly increased to reduce pressure on traditional lending business in the context of fierce competition among commercial banks.

Indicator	31/12/2014	31/12/2015	Compared to 31/12/2014		2015 Objective	Assessment
			+/- VND billion	+/- %		
Total assets	661,242	779,483	118,241	17.9%	746,000	104.5%
Gross Loans	542,674	676,688	134,014	24.7%	613,000	110.4%
Funding	595,096	711,785	116,689	19.6%	676,000	105.3%
Total equity	55,259	56,110	851	1.5%	58,883	95.3%
Charter capital	37,234	37,234	0	0.0%	49,209	75.7%
Profit before tax	7,303	7,345	42	0.6%	7,300	100.6%
ROAA	1.2%	1.02%			1.0% - 1.2%	Achieved
ROAE	10.5%	10.3%			10% - 11%	Achieved
NPLs/Gross Loans	0.9%	0.73%			<3%	Achieved
Tỷ lệ an toàn vốn (CAR)	10.35%	10.58%			>9%	Achieved

Unit: VND billion

- **The goal of becoming the leading bank in retail banking is being realized** through synchronous implementation of solutions to improve the quality of banking products and services and customer services. 2015 marked VietinBank's accomplishment in retail banking after our Premium Banking for private customers was launched. To give these customers comprehensive premiere financial. Our premium banking customers are now have the access to professional events and experience invaluable moments with our brand new Premium Banking services.

- **VietinBank's business results was reaffirmed by prestigious awards and accolades granted by eminent domestic and foreign institutions.** For three consecutive years, we have been named in the list of The world's top 500 banking brands, for four consecutive years, we have been recognized in Forbes Global 2000, VietinBank is also rated "A" by Brand Finance with brand value worth VND 197 million and ranked No.1 in the Vietnamese banking sector. We are proud to have been ranked fifth in the Top 10 Corporations of Tax Contribution in Vietnam in 2015 and have been the leading bank in State budget contribution in the banking system for six years running. In addition, VietinBank has also been recognized in the Top 10 of Vietnam Gold Star Award; Top 10 most valuable brands of Vietnam for eleven consecutive years, etc.

1.2. Shareholder's equity and investor relations

- VietinBank shareholder's equity was VND 56,110 billion, of which, charter capital was VND 37,234 billion. We continued to be the best capitalized bank in Vietnam with strongest shareholder structure with the SBV being the controlling shareholder with 64.46% stake, two foreign strategic partners are BTMU and IFC hold 19.73% and 8.03% respectively, stake owned by minority shareholders accounted for 7.78%. The capital adequacy ratio is well-maintained and in compliance with current requirements.

- **Investor Relations**

In 2015, VietinBank continued to focus on maintaining and enhancing investor relations professionalism. We successfully held 2015 Annual General Meeting of Shareholders with important contents that were passed in compliance with regulations.

Our strategy is to strengthen the promotion for CTG, contributing to shape VietinBank's and CTG's information transparency and dynamic images that being friendly with investors and the market. VietinBank warmly welcomed and provided to many investment funds, domestic/foreign securities companies with updated information on the Bank's performance and future development plan by email. We also successfully organized periodically Investor & Analyst Conference with direct dialogue with the management after VietinBank had published Financial.

VietinBank is the first and the only bank so far that successfully issued international bonds, to strengthen the connection with the bondholders that invested in international bonds of VietinBank, maintain and establish relationships with potential investors. VietinBank has organized a program to meet big-name investment funds of the international bond market in the US market (on May 2015). The comprehensive, insightful and practical contents that exchanged between VietinBank and investors received attention and high appreciation of investors, expresses encouraging efforts of VietinBank in connection with investors in order to enhance the reputation and image of VietinBank in the international market.

VietinBank is the first financial institution that published full & transparent information in both Vietnamese and English in compliance with regulations. VietinBank has also been focusing on upgrading the official portal between VietinBank and investors via our website (www.investor.vietinbank.vn), which, once again, reaffirms our commitment to timely provide adequate and useful information to investors and the market. Additionally, VietinBank is also actively support investors to perform other arising rights and obligations related to CTG shares.

1.3. Corporate Governance

Strengthen senior management composition

2015 marked the 2nd year in the 5-year term of VietinBank's Board of Directors, our 2015 Board is consist of the following delegations:

- **Mr. Nguyen Van Thang - Chairman;**
- **Mr. Le Duc Tho - Member, CEO;**
- **Mr. Hiroyuki Nagata - Member, Deputy General Director;**
- **Mr. Cat Quang Duong, Ms. Tran Thu Huyen, Ms. Nguyen Hong Van, Mr. Go Wantanabe, Mr. Michael Knight Ipson: Board Members;**
- **Mr. Phung Khac Ke: Independent Board Member;**

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 2015 business plan.

Strengthen organizational models and network management

- VietinBank has developed an extensive network in every province and city nationwide and reached out to the global market to better serve Vietnamese communities abroad with a total of 152 branches and 1,000 office and provident fund locations, of which, 149 branches are located in Vietnam, 2 in Germany and a subsidiary in Laos. The successful upgrade of VietinBank - Laos branch into a subsidiary since 31/7/2015 marked a new development path for VietinBank and enhanced our position in Laos.

- VietinBank has transformed the operational model of Sales Division and Support Division vertically into a unified and effective system in order to build a strong foundation for every implementation of business strategies.

Enhance risk management: VietinBank has strictly abided by the SBV's regulations on operational safety, proactively prepared necessary and suitable conditions to implement the roadmap of Basel II standards. We emphasized on strictly asset quality control and compliance with the regulations and procedures on credit granting; drastic measures were taken in the settlement of bad debts and off balance sheet debt recovery and debt sold to VAMC to accelerate the renewal of working capital, contributing to improve the competitiveness and ensuring our safe growth and sustainability.

Information technology development and modernization have been regarded as our central goals and strategies: In 2015, VietinBank continued to implement various strategic and key projects, namely Core Banking Project, Corporate Data Storage Project, Oracle GL Project, etc. which created a solid foundation to support our business activities, contributing to improve labor productivity, saving costs and business efficiency.

2

EVALUATION OF BOARD OF DIRECTORS ON BOARD OF MANAGEMENT'S OPERATIONS

With the efforts and the determination of the entire system, VietinBank has overcome all difficulties and challenges to accomplish financial goals in 2015 and the tasks assigned at the General Meeting of Shareholders. VietinBank not only succeeded in the exceptional growth in but also impressed shareholders and investors on the Bank's ability in maintaining strong business results. Our profits and profitability ratios topped the local banking sector. We were also able to achieve objectives set by the Board of Directors in the Bank's medium-term Business Plan; i.e., "Maintaining growth rate higher than industry average during 2015 - 2017 period", which contributed to motivate our dedicated staffs throughout the system. These outstanding results rooted from the wise and flexible directions of Board of Directors as well as Board of Management and the consensus of more than 20,000 employees. The members of the Board of Directors and Board of Management have tried to fulfill their duties for the interests of shareholders, the State and VietinBank, to bring sustainable development to VietinBank and deliver the value of life for the society.

3

FUTURE PLAN AND ORIENTATION OF THE BOARD OF DIRECTORS

In 2016, confronting many difficulties and challenges, VietinBank still has many opportunities and potentials for positive improvements, the Board of Directors has further directed the whole system in the banking restructuring plan in 5 key targets: Continue to implement the roadmap of the medium-term business strategy in 2015 - 2017 period; strengthen sales based on chain links, enhance cross-selling of products and services; enhance the scale and strictly control the quality of assets; strengthen and standardize business, organizational and operating structures under the modern banking model; continue to coordinate closely with the SBV to well-fulfill Social Welfare works. Our Board of Directors and dedicated staffs are determined to assert the Bank's position and contribute actively to the development of the Vietnamese banking sector and the national economy to live up to valued shareholders' expectations.

2016 financial targets:

Targets	Unit	Targets for 2016		
		Plan	+/- compared to 2015	+/- % compared to 2015
Total assets	VND Bil	889,550	110,067	14%
Gross loans	VND Bil	798,492	121,804	18%
NPLs/Gross loans	%	< 3.0%		
Funding	VND Bil	811,445	99,651	14%
Profit before tax	VND Bil	7,900	555	8%
Total equity	VND Bil	64,455	8,345	15%
Charter capital	VND Bil	49,209	11,975	32%
ROAA	%	0.9% - 1.2%		
ROAE	%	10.0% - 11.0%		
Dividends	%	7% - 9%		
Capital Adequate ratio (CAR)	%	> 9.0%		

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Share ownership of Board Members

Share ownership of Board Members and changes in the share ownership

Type of shareholders	No.	Full name	Number of shares	Percentage of shares (%)
Board of Directors	1	Mr. Nguyen Van Thang	960,298,090	25.7909%
		<i>Personal representative</i>	216,108	0.0058%
		<i>State capital representative</i>	960,081,982	25.7851%
	2	Mr. Le Duc Tho	720,099,014	19.3398%
		<i>Personal representative</i>	37,527	0.0010%
		<i>State capital representative</i>	720,061,487	19.3388%
	3	Mr. Cat Quang Duong	720,061,487	19.3388%
		<i>Personal representative</i>	0	0%
		<i>State capital representative</i>	720,061,487	19.3388%
	4	Ms. Nguyen Hong Van	4,050	0.0001%
	5	Ms. Tran Thu Huyen	1,429	0.00004%
	6	Mr. Phung Khac ke	0	0%
	7	Mr. Go Watanabe	0	0%
	8	Mr. Hiroyuki Nagata	0	0%
9	Mr. Michael Knight Ipson	0	0%	
	Total		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 VietinBank, 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 and 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 before being appointed to the current position.





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 Deputy Secretary of the Party Committee and 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 served as Chief of Office of the State Bank of Vietnam before being appointed to the current position.



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



Ms. NGUYEN HONG VAN
Member of the Board

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 and has been serving in various capacities including Deputy Head of General Balance Department, Head of Treasury Department, Head of Treasury and Alco Supporting Department. She was appointed to the Board in September 2008.



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 Party Committee, the Board and Head of Human Resource Division.



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 Managing Executive Officer, Chief Executive Officer for Asia and Oceania (Singapore), Bank of Tokyo-Mitsubishi Singapore before becoming the 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. 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



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).



BOARD OF DIRECTORS

The BOD meetings:

No	Member	Position	No. of meeting attended	Percentage	Reasons for not attending
1	Mr. Nguyen Van Thang	Chairman	97/97	100%	
2	Mr. Le Duc Tho	Member and CEO	97/97	100%	
3	Ms. Tran Thu Huyen	Member	53/54	98%	Maternity leaves
4	Ms. Nguyen Hong Van	Member	68/69	99%	Business trip
5	Mr. Cat Quang Duong	Member	21/25	84%	Business trip
6	Mr. Pham Huy Thong (*)	Member and Deputy CEO	14/14	100%	Not attending BOD meetings since July 2015 after being appointed as Member of the BOD and CEO of GP Bank
7	Mr. Phung Khac Ke	Member	24/25	96%	Business trip
8	Mr. Hiroyuki Nagata	Member and Deputy CEO	23/25	92%	Business trip
9	Mr. Go Watanabe	Member	16/16	100%	
10	Mr. Michael Knight Ipson	Member	17/17	100%	

(*)Board Member and Deputy CEO - Mr. Pham Huy Thong was appointed as Board member and CEO of Global Petroleum Joint Stock Bank (GP Bank) under Decision No. 1308/QĐ-NHNN of the SBV since 07/07/2015.

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, which are Human Resource and Remuneration Committee, Asset Liability Management Committee (ALCO), Risk Management Committee, Policy Committee. Each committee operates under a particular organizational and operational set of regulations issued by the Board of Directors.

- Human Resource and Remuneration Committee advises the BOD on organizational structure, personnel management policies, performance evaluation and remuneration policies; monitors and controls all aspects of staff management, competence, successor planning, personnel risk in line with VietinBank's business orientation and plans in each period.
- Risk Management Committee (RM) advises the BOD on issues related to risk appetite for each period; sets up RM mechanisms and policies and RM orientation related to credit, investment, market, operations and other risks; advises the BOD on approving investments, related transactions, management policy, risk handling plan and the implementation schedule of Basel II under the SBV's direction.
- Policy Committee advises the BOD on setting up and reviewing policies; ensures consistency, adequacy, effectiveness and synchronization of policies, regulations, and rules which prescribed in main operational activities of VietinBank.
- ALCO committee advises the BOD on the scale, structure and growth of liabilities and assets of VietinBank in line with the operation scale and development strategies of VietinBank for each period and reviews and ensures safe rates and limits of business operations under regulations.

In 2015, these committees coordinated with relevant departments and units to review, complete, revise and issue regulations, processes & rules related to RM, human resource, remuneration, investment, capital contribution, information disclosure, etc.; reviewed personnel under the BOD's management authority and advised the BOD on specific issues such as RM policy, risk prevention, operation & development strategy of VietinBank in the next 3-5 years, 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 member:

No	Full name	Position	Date of appointment
1	Mr. Pham Huy Thong	Former Member	13/4/2013 Date of resignation 7/7/2015 under Decision No. 1308/QĐ-NHNN of the SBV

SUPERVISORY BOARD



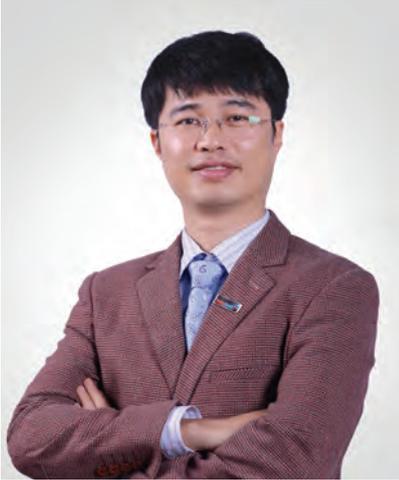
Mr. NGUYEN THE HUAN
Head of Supervisory Board

Appointed in April, 2015, Mr. Nguyen The Huan, born in 1974 in Thai Nguyen is the Head of VietinBank's Supervisory Board. He holds a Bachelor of Law, Language Proficiency and Banking - Finance. Mr. Nguyen The Huan joined VietinBank in 2004, he has served as Deputy Head of Internal Control Department, Deputy Director of Compliance Audit, Deputy Director of Internal Audit.



Ms. PHAM THI THOM
Member

Appointed in July 2009 and reappointed in 04/2014 for 2014 - 2019 period, 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.



Mr TRAN MINH DUC

Member

Appointed in April 2015, Mr. Tran Minh Duc, born in 1977 in Hai Phong, is a member of VietinBank's Supervisory Board. He holds a Bachelor of Law from Hanoi University of Law. At VietinBank, he has served as Deputy Director of Risk and Non-performing Loan Management Department, Deputy Director of Legal Department and Acting Director of Legal Department at VietinBank Headquarter.



Ms. PHAM THI HONG PHUONG

Member

Appointed in April 2015, Ms. Pham Thi Hong Phuong, born in 1963 in Thai Binh, is a member of VietinBank's Supervisory Board. She holds a Master in Banking and Finance. She has been working at VietinBank for 25 years. She has served as General Director of VietinBank Gold and Jewelry Trading Company Ltd. prior to her appointment as Member 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.

SUPERVISORY BOARD

Duties of the Supervisory Board

In 2015, Supervisory Board and relevant departments performed specific functions according to Organizational and Operational Charter of VietinBank (Charter) and proposed activities of the Supervisory Board adopted by the annual General Meeting of Shareholders, including following duties:

- Monitor the Bank's overall business operations and its compliance with the provisions of law and the Charter in banking governance and management, and implement resolutions adopted by General Meeting of Shareholders;
- Appraise half-year and annual financial statements of 2015 audited independently by Deloitte Vietnam Co.Ltd;
- Prepare, store and update the list of related persons;
- Monitor and supervise the operations of Internal Audit ;
- Carry out functions arising during the year;

Besides two regular congresses, all members of the Supervisory Board, assistants to the Supervisory Board and managers of Internal Audit department attended 7 monthly meetings to organize and implement duties of the Supervisory Board. At such meetings, after listening to monitoring and auditing reports made by members of the Supervisory Board and Internal Audit department, the Supervisory Board discussed status of the bank's business operations, management and administration. Accordingly, the Supervisory Board assigned specific duties to each Supervisory Board member and Internal Audit department; reviewed and evaluated job performance. Each Supervisory Board member and relevant departments would be informed in writing conclusions of meetings. Besides, the Board of Management and the Board of Directors would report recommendations of the Supervisory Board by proposals and suggestions at the Board of Directors' meetings.

Evaluation of the Supervisory Board on performance of the Board of Management and the Board of Directors

The Supervisory Board evaluated and monitored performance of the Board of Management and the Board of Directors through (i) attending and raising opinions at meetings of the Board of Directors, regular meetings of the Board of Management; (ii) reviewing policies and regulations issued by the Board of Directors and General Director, resolutions and decisions adopted by the Board of Directors that sent to the Supervisory Board; (iii) reviewing auditing and monitoring reports made by Internal Audit department.

According to monitoring reports made by the Supervisory Board, in general, the Board of Management and the Board of Directors complied strictly with the law, Organizational and Operational Charter of VietinBank (Charter) to meet targets and duties adopted by the annual General Meeting of Shareholders in 2015 in favour of shareholders' benefits. It was shown clearly by (1) several key ratios of the business performance of 2015 which exceeded targets set by General Meeting of Shareholders, indicators include total assets reached VND 779 trillion, equivalent to 104.5%; total funding accounted for VND 712 trillion, equivalent to 105.3%; outstanding loans were reported at VND 677 trillion, equivalent to 110.4% of plan; profit before tax was VND 7,345 billion, equivalent to 100.6%; (2) other duties passed at the General Meeting of Shareholders were also completed successfully.

During the assessment period, the Supervisory Board also pointed out several activities that have a potentially negative impact on the Bank's business performance or oriented targets. Therefore, the Supervisory Board promptly raised recommendations to the Board of Management and the Board of Directors at regular meetings and reports made by the Supervisory Board. Based on such suggestions, the Board of Management and the Board of Directors timely assigned relevant departments to take appropriate measures to minimize risks to ensure that VietinBank's operations are safe, effective and complied with the law. In 2015, the Supervisory Board, the Board of Management and the Board of Directors cooperated well to perform specific functions according to the law, the Charter and internal regulations of the Bank.

Changes in Supervisory Board Members

No	Full name	Positions	Date of appointment/ resignation
1	Mr. Nguyen The Huan	Head of Supervisory Board	14/04/2015
2	Ms. Pham Thi Hong Phuong	Member of Supervisory Board	14/4/2015
3	Mr. Tran Minh Duc	Member of Supervisory Board	14/4/2015
4	Ms. Tran Thi Le Nga	Former Head of Supervisory Board	3/7/2009 Date of reappointment: 04/2014 for 2014-2018 term Date of resignation: 14/04/2015

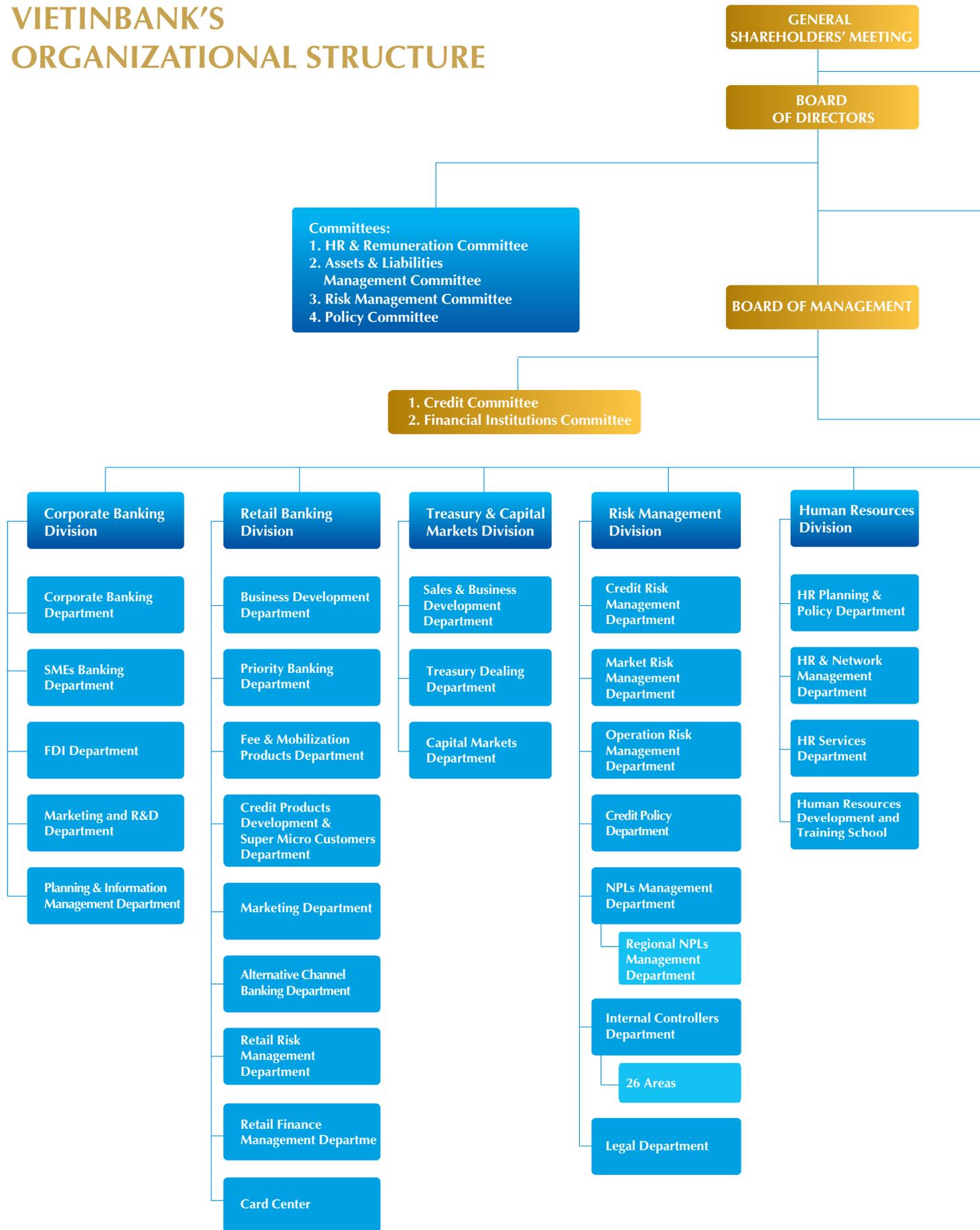
Remuneration of the Board of Directors, Supervisory Board and the Board of Management

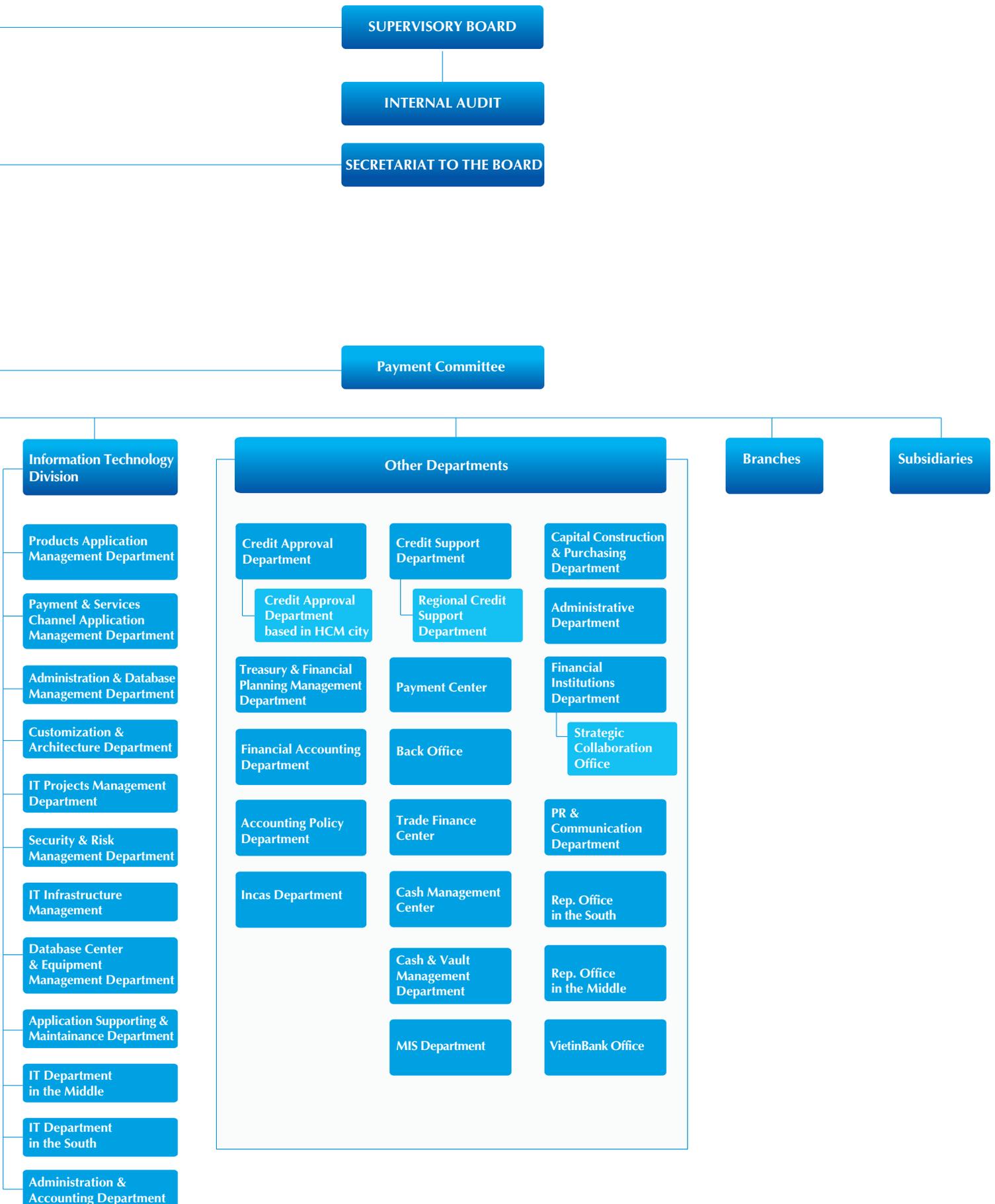
VietinBank's BOD, BOM and Supervisory Board remuneration policy aligns with VietinBank's regulations and instructions. In which, the members' salary is a component of the Bank's general salary budget, and reflects their performance and achievement of agreed upon tasks.

In 2015, calculation of remuneration of the BOD and Supervisory Board was 0.36% of profit after tax.

Stock transactions done by internal shareholders: None

VIETINBANK'S 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 Deputy Secretary of the Party Committee of VietinBank , a member of the BOD & General Director.

He had been with VietinBank during the past 24 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. NGUYEN VAN DU
Deputy General Director

Appointed in August 2008, Mr. Nguyen Van Du, 54 years old, holds a Master of Economics. He is currently a Member of the Party Committee of VietinBank and 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.



Ms. BUI NHU Y
Deputy General Director

Appointed in August 2008, Ms. Bui Nhu Y, 54 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.

LIST OF BOARD OF MANAGEMENT MEMBERS



Mr. NGUYEN HOANG DUNG
Deputy General Director

Appointed in March 2011, Mr. Nguyen Hoang Dung, 54 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. HIROYUKI NAGATA
Member of the Board and Deputy General Director

Appointed in July 2013, Mr. Hiroyuki Nagata, 53 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.



Mr. NGUYEN DUC THANH
Deputy General Director

Appointed in August 2012, Mr. Nguyen Duc Thanh, 46 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 has held several senior positions including Commercial Attaché at the Embassy of Vietnam in the Arab Republic of Egypt, Deputy Director and Secretary of the Minister of Trade, Deputy Director of the Department of Competition Management - Secretary of Minister of Trade, Deputy Director of Competition Management Department - Ministry of Industry and Trade, Director of VietinBank Financial Institutions 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 a Member of the Party's standing committee and 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, 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.

LIST OF BOARD OF MANAGEMENT MEMBERS



Mr. NGUYEN DINH VINH
Deputy General Director

Appointed in July 2015, Mr. Nguyen Dinh Vinh, born in 1980, holds a Master in Business Administration. He is currently a Member of the Party's Standing Committee and Deputy General Director of VietinBank.

He has been working at VietinBank since 2002 and has held many senior positions: Deputy Director of Corporate Department; Director of Hai Duong Branch; Director of Non-Performing Loan Management Department and Director of Hanoi branch.



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. From May 2015, he served as Deputy General Director and Director of IT Center.



Mr. NGUYEN HAI HUNG
Chief Accountant

Appointed in June 2011, Mr. Nguyen Hai Hung, 43 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. Pham Huy Thong	Former Deputy General Director	1/8/2012 Date of resignation: 7/7/2015 under Decision No.1308/QD-NHNN of the SBV

Staff and Labour Policy

- Total number of employees as of 31 December 2015 was 21,024 (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 with 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 salary scheme continues to be an important motivation to our employees and helps to improve labour efficiency. 2015 statistics show the average salary of VietinBank staff in 2015 reached VND 19.38 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 labor union benefits in case of sickness or other personal and family issues; health insurance as well;
 - 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.

1

ACTIVITIES IN 2015



The 2015 annual General Meeting of Shareholders

In 2015, investor relations activities were focused on enhancing performance as an effective communication channel between VietinBank management team and the investors.

The 2015 annual General Meeting of Shareholders was successfully held with many important resolutions were passed and adopted including the merger with PG Bank, and approval on the dividend payout ratio of 10%. Also, the Bank completed the listing of VND 2.4 billion of shares (64.46% VietinBank's charter capital) owned by the SBV on Ho Chi Minh City Stock Exchange. This move would further boost the impact of the CTG in the VN-Index, which had positive impact on CTG stock liquidity and price.

VietinBank has welcomed and proactively provided information and updates to various investment funds, securities companies at home and abroad. Besides, positive feedbacks from the market to join direct dialogue with the management team allowed VietinBank to continue to hold regular Investors and Professionals Analysts Conference after every publication of the financial report. These conferences have been a good opportunity for VietinBank to provide to analysts and investors updated information on the Bank's business performance, development orientation and strategic plan. The analysts and investors participated in the dialogue were provided with better understanding of the financial information, the bank's activities as well as able to evaluate opportunities to invest in CTG shares. The conference has helped to further improve professionalism and transparency in VietinBank's information disclosure. In particular, analysts and investors participated in the conference highly appreciated the participation of the General Director of VietinBank with direct, open dialogue where all questions raised at the conference were answered thoroughly. So far, VietinBank is the only bank in Vietnam that holds regular Investors and Professional Analysts Conference with the participation of the General Director to answer questions raised by the public.

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

In 2015, thanks to positive signs from Vietnamese macroeconomy and strong determination from the government and the State Bank of Vietnam to restructure the banking sector, stocks of other Vietnamese banks and CTG considered as leading stocks that attracted the strong cash inflow from local and foreign investors. With VietinBank's strength and position as well as the well-defined strategy of the Board of Directors in order to improve the bank's stock price and other value-added benefits to shareholders, CTG stocks have experienced significant growth in terms of both prices and transaction volume compared to 2014. The increasing trend in the liquidity and stock value made CTG stock continuously become one of VN30 index of Ho Chi Minh Stock Exchange - HOSE.

2

IR PLAN IN 2016

In 2016, investor relations will continue to be focused. In addition to the regular information disclosure as part of the Bank's strategy to improve CTG price and create more values for our shareholders.



SUSTAINABLE DEVELOPMENT





“Developing for the interest of community” - our motto during the past years

VietinBank has always been the pioneering bank to carry out charity and social welfare activities for the benefits of society. We share responsibilities with the Party, the Government and provinces that are in need of supports. At VietinBank, social welfare work is one of our important political responsibilities. We are proud to have been a contributor to poverty alleviation and eradication initiatives.

1

SOCIAL WELFARE ACTIVITIES'S HISTORY



VietinBank - The Bank of community

Until now, we have spent nearly VND 6 trillion which was taken from the Welfare Fund, part of annual operating expenses and voluntary contributions of our employees to build over 36 thousand houses for needy families; to construct around 955 bridges and rural roads, 19 water supply systems and reservoirs; to support the poor small-holder farmers with 2,108 cows and oxen; to build 69 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 126 billion to build 1 cultural center on Nam Yet Island and 1 multifunctional cultural house on Da Lon B Island, to build 1 FM stations, 4 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 542 schools, over 494 classrooms and boarding schools for ethnic students. The bank also funded over 10,000 scholarships for underprivileged children with good academic record (from VND 1 million - 3 million/each); 23,200 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 111 health care centers, 1 clinic and 1 medical college; donated 276 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 (including 241 ambulances; 33 seven-seat cars; 02 blood donation-specialized vehicles). 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 93 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 initiated to support the natural disasters and flood victims.

With such achievements, VietinBank was honoured to receive awards from the Government, Ministry of Labor, War Invalids, & Social Welfare, Ministry of Health, Ministry of Education, etc..



VietinBank focuses on social welfare in health and education

2

SOCIAL ACTIVITIES IN 2015

In 2015, VietinBank spent over VND 537 billion to implement social activities at poor provinces. It helped to build over 1,000 homes for the poor; 3 public cultural buildings and 7 roads in rural areas. For the education sector, VietinBank built 51 schools, one dormitory and 03 in-school houses, classrooms for students living at the school; donated 3,000 pairs of lifeline for children living in the river regions and hundreds of scholarships for poor children with very good studying results. For the health sector, VietinBank built and expanded 2 hospitals, 9 health centers, one feeding centers for disabled children, donated 12 ambulance cars, 1,000 cases of surgical eyes disease and also sponsored many other equipment, modern medical supplies to hospitals in provinces and cities.

VietinBank spent over VND 13 billion to support programs related to islands, fishermen, build temples for soldiers in Gac Ma island and give gifts to officials, soldiers and people on the Sparty islands, etc. To show gratitude to national heroes, patriotic martyrs and those contributed to the country's revolution, VietinBank has funded the embellishment and upgrading of 2 martyr's cemeteries, Truong Bon historical monument in Nghe An province, built the Xuong Giang Victory Monument in Bac Giang province and taken a life care of 93 Vietnamese Heroic Mothers, etc.



We are proud to have been recognized and honoured for our social work



Leading bank in hunger eradication, poverty reduction and sustainable social security



We have provided 10,000 porridge meals for poor children patients under our porridge pot charity



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 statements of the Bank and its subsidiaries for the year ended 31 December 2015.

BOARDS OF DIRECTORS AND MANAGEMENT

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

Board of Directors

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

Board of Management

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

Person authorized to sign the financial statements

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

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

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

- select appropriate accounting policies and then applying them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimise errors and frauds.

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

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

For and on behalf of the Board of Management,



Le Duc Tho
General Director

Hanoi, 21 March 2016

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INDEPENDENT AUDITORS' REPORT

No.: 724/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 and its subsidiaries (the "Bank"), prepared on 21 March 2016 as set out from page 05 to page 83, which comprise the consolidated balance sheet as at 31 December 2015, the consolidated statement of income, consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of matter

We would like to draw readers' attention to Note 52 of the Notes to the consolidated financial statements "Contingent liabilities", as at 31 December 2015, the Bank has legal rights and obligations related to the case of Huynh Thi Huyen Nhu and the other former employees of Ho Chi Minh City branch and Nha Be branch of the Bank. As at 07 January 2016, the Appeal Court of People's Supreme Court at Ho Chi Minh City ("the Appeal Court") had judged the case, sentencing the accused for swindling to appropriate assets and certain other crimes, simultaneously reaching a verdict on judgment against the accused members. In terms of civil responsibilities, Huynh Thi Huyen Nhu was responsible for reimbursement to three (03) banks, four (04) companies and three (03) individuals which were defrauded by her and the Bank neither has compensation obligations, joint liability nor incurs any financial loss with regards to the illegal actions of the accused members mentioned above. The Appeal Court has ceased the first instance judgment in part relating to Huynh Thi Huyen Nhu's illegal actions to five (05) other companies for re-investigation and judgment as regulated by laws. Accordingly, the responsibilities and legal obligations of the parties concerned shall be defined only when the case has been re-investigated and tried with effective judgment and verdict. Our opinion is not modified in respect of this matter.



Nguyen Tuan Anh
Audit Director

Audit Practising Registration Certificate
No. 1291-2013-001-1



Nguyen Thi Thanh Van
Auditor

Audit Practising Registration Certificate
No. 2543-2014-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

21 March 2016
Hanoi, S.R. Vietnam

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CONSOLIDATED BALANCE SHEET

As at 31 December 2015

FORM B 02/TCTD-HN

Unit: Million VND

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2015

FORM B 02/TCTD-HN
Unit: Million VND

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

CONSOLIDATED BALANCE SHEET (Continued)

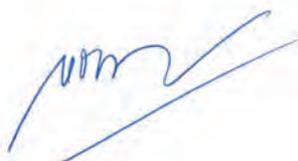
As at 31 December 2015

FORM B 02/TCTD-HN
Unit: Million VND

OFF-CONSOLIDATED BALANCE SHEET ITEMS

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

Preparer *th*



Le Nhu Hoa
Head of Financial Accounting
Management Department

21 March 2016

Approver



Nguyen Hai Hung
Chief Accountant



Approver

Tran Minh Binh
Deputy General Director

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CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

FORM B 03/TCTD-HN
Unit: Million VND

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

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2015

FORM B 03/TCTD-HN
Unit: Million VND

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

Preparer *th*

Le Nhu Hoa
Head of Financial Accounting
Management Department

Approver

Nguyen Hai Hung
Chief Accountant

Approver

Tran Minh Binh
Deputy General Director

21 March 2016

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

FORM B 04/TCTD-HN
Unit: Million VND

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

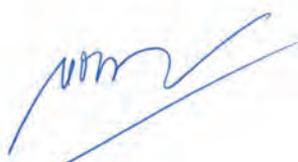
CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2015

FORM B 04/TCTD-HN
Unit: Million VND

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

Preparer *th*



Le Nhu Hoa
Head of Financial Accounting
Management Department

21 March 2016

Approver



Nguyen Hai Hung
Chief Accountant



Tran Minh Binh
Deputy General Director

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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/QD-NH5 dated 21 September 1996 by the Governor of the State Bank of Vietnam (the “SBV”). On 25 December 2008, Vietnam Bank for Industry and Trade successfully undertook its Initial Public Offering.

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

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

Charter capital

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

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

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

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

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

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

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

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

NOTES TO THE 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 2015, the Bank has one (01) Head Office, one (01) Trade Finance Center, three (03) administrative units, two (02) local representative offices, one (01) overseas representative office in Myanmar and one hundred and fifty one (151) branches (including two (02) overseas branches).

Subsidiaries

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

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

Employees

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. However, due to the Bank's large scale of operations, for the purpose of preparing these consolidated financial statements, the figures are rounded to and presented in millions of Vietnam Dong (million VND). This presentation does not materially impact the consolidated financial statements in terms of the financial position, the results of operations and the cash flows of the Bank and its subsidiaries. With regards to the number of shares, the Bank presented the items in unit as shown in Note 27.

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

Financial year

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE (Continued)**Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN (Continued)**

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE (Continued)

Circular No. 202/2014/TT-BTC

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

Circular No. 49/2014/TT-NHNN

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

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

Items	According to former financial reporting regime	According to new financial reporting regime	Effect of applying Circular 49
Provision for loan purchasing risk	Not required to be presented on Balance sheet.	Required to be presented on Balance sheet.	Provision for loan purchasing risk is recorded into account 379 according to the guidance in Circular 49.
Interest and similar income	Exclude Income from guarantee activities.	Include Income from guarantee activities.	Reclassification of Income from guarantee activities from Income from services to Interest and similar income according to the guidance in Circular 49.
Income from services	Include Income from guarantee activities.	Exclude Income from guarantee activities.	Reclassification of Income from guarantee activities from Income from services to Interest and similar income according to the guidance in Circular 49.

NOTES TO THE 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. 49/2014/TT-NHNN (Continued)

Items	According to former financial reporting regime	According to new financial reporting regime	Effect of applying Circular 49
Net gain/loss from investment securities	No detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the year.	Detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the year.	Expense related to provision for special bonds issued by VAMC in the year is not included incorresponding provision expense for security trading to deduct (-) when calculating Net gain/loss from trading securities according the guidance in Circular 49.
Other operating expenses	Exclude loan purchasing expense and expenses on social activities.	Include loan purchasing expense and expenses on social activities.	Reclassify loan purchasing expense from Operating expense to Other operating expense according to the guidance in Circular 49.
Provision expense for credit losses	No detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the year.	Detailed guidance on recognition of expense related to provision for special bonds issued by VAMC in the year.	Include expense related to provision for special bonds issued by VAMC in the year according to the guidance in Circular 49.
Off-balance sheet items	Include: <ul style="list-style-type: none"> - Credit guarantee - Letters of credit - Other guarantees - Financing commitments to customers - Other commitments 	Include: <ul style="list-style-type: none"> - Credit guarantee - Foreign exchange transactions commitments - Buying/Selling foreign currency commitments - Cross currency swap contracts - Future commitments - Irrevocable loan commitments - L/C commitments - Other guarantees - Other commitments 	Addition of new items: <ul style="list-style-type: none"> - Foreign exchange transactions commitments - Buying/Selling foreign currency commitments - Cross currency swap contracts - Future commitments - Irrevocable loan commitments Removal of item: <ul style="list-style-type: none"> - Financing commitments to customers.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Basis of consolidation

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

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

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

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

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

Business combinations

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Interests in joint ventures**

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

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

Goodwill

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

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

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

Cash and cash equivalents

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

Loans to customers

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for credit losses

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Provision for credit losses (Continued)**

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

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

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

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

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

Investments**Trading securities**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment securities

Held-to-maturity investment securities

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Investments (Continued)*****Investment securities (Continued)***

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

The special bonds are redeemed in the following cases:

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

Available-for-sale investment securities

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Provisions for impairment of trading securities and investment securities

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

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

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

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

Other long-term investments

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

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

Recognition

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

Derecognition

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

Repurchase and Reverse Repurchase Agreements

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

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

Trust activities and trusted funds

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

Tangible fixed assets and depreciation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation (Continued)

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

<u>Assets</u>	<u>2015</u> <u>Estimated useful lives (Years)</u>
Buildings and structures	05 - 40
Machinery and equipment	03 - 07
Motor vehicles	06 - 07
Others tangible fixed assets	04 - 25

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

Intangible assets and amortisation

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

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

Leasing

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

The Bank as lessor

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

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

The Bank as lessee

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

Other receivables

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

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

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

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

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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital and reserves (Continued)

Treasury shares

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

Reserves

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

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

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

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

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

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

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

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

Revenue and expenses

Interest income

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Revenue and expenses (Continued)*****Borrowing costs***

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

Revenue from sales of goods

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

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

Revenue from insurance services

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

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

Recognition of dividends and profit received

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

Claim settlement expenses of insurance activities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and expenses (Continued)

Commission expense of insurance activities

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

Income and expense from other services

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

Underwriting reserves

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

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

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

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

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

Foreign currencies

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Foreign currencies (continued)**

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

Other payable provisions

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

Taxation

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

Post-employment benefits

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

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

Resignation allowance

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

Unemployment allowance

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

Derivatives

Forward, swap and future contracts

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Derivatives (Continued)****Currency option contracts**

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

Related parties

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

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

Off-consolidated balance sheet commitments and guarantees

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. CASH, GOLD AND GEMSTONES

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

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

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

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

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. TRADING SECURITIES

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

Listing status of trading securities

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

9. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS/LIABILITIES

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

NOTES TO THE 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

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

Analysis of loan balances by quality

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

Analysis of loan balances by term

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

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.

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 type of business entity

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

Analysis of loan balances by industry

	31/12/2015	31/12/2014
	million VND	million VND
Agricultural, forestry and aquaculture	20,129,999	14,810,445
Mining and quarrying	19,917,579	24,290,297
Manufacturing and processing	157,510,377	145,565,255
Electricity, fuel gas and hot water	31,221,063	27,936,030
Water supplying, garbage and sewage treatment and management	1,559,824	1,012,271
Construction	59,026,326	37,885,479
Wholesale and retail trade; repair of motor vehicles, motor cycles	152,123,602	126,330,108
Transport, warehouse	7,343,728	7,376,150
Hospitality services	3,551,927	3,231,545
Information and communications	1,590,299	1,400,003
Financial, banking and insurance activities	299,496	69,581
Real estate	42,522,609	27,200,777

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)

Profession, science and technology	62,638	74,400
Administrative activities and supporting services	476,643	451,464
Education and training	791,863	707,717
Health care and social work	1,789,363	1,985,292
Other service activities	9,363,428	7,600,063
Households	26,978,616	11,128,888
International organisations and bodies	459,689	602,559
Others	1,360,760	210,703
	538,079,829	439,869,027

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

11. PROVISIONS FOR CREDIT LOSSES OF LOANS TO CUSTOMERS

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

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

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

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

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

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. INVESTMENT SECURITIES

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

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

Analysis of securities quality classified as credit risk assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

12. INVESTMENT SECURITIES (Continued)**Special bonds issued by VAMC**

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

13. PROVISIONS FOR IMPAIRMENT OF INVESTMENT SECURITIES

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

	Provision for available-for-sale 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	
As at 01/01/2015	240,267	-	15,990	387,153	-	643,410
Provision charged/ (reversed) for the year (see Note 33)	151,599	-	(18,262)	1,437,718	-	1,571,055
Provision utilised for the year	-	-	-	(434,194)	-	(434,194)
Others	-	-	64,437	-	-	64,437
As at 31/12/2015	391,866	-	62,165	1,390,677	-	1,844,708

Movement in provisions for impairment of investment securities for the year ended 31 December 2014 (as restated) 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	
As at 01/01/2014	104,543	-	27,802	2,901	-	135,246
Provision charged/ (reversed) for the year (see Note 33)	135,724	-	(11,812)	499,828	-	623,740
Provision utilised for the year	-	-	-	(115,576)	-	(115,576)
As at 31/12/2014	240,267	-	15,990	387,153	-	643,410

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. PROVISIONS FOR IMPAIRMENT OF INVESTMENT SECURITIES (Continued)

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

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

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

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

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

14. LONG-TERM INVESTMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

14. LONG-TERM INVESTMENTS (Continued)

Investments in joint ventures

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

	31/12/2015		31/12/2014			
	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	%	USD	million VND	%
Indovina Bank Ltd.	96,500,000	2,464,219	50	96,500,000	1,688,788	50
Vietinbank Aviva Life Insurance Company Limited	Non-applicable	318,626	50	Non-applicable	400,000	50
	2,088,788	2,782,845		2,088,788	2,843,745	

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. TANGIBLE FIXED ASSETS

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

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

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. INTANGIBLE ASSETS

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

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

17. OTHER RECEIVABLES

	31/12/2015	31/12/2014 Restated
	million VND	million VND
Construction in progress	5,218,948	4,102,175
Purchases and major repair of fixed assets	2,579,371	2,533,945
External receivables	2,490,062	2,910,832
Internal receivables	511,214	434,285
	10,799,595	9,981,237

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

Construction in progress

	31/12/2015	31/12/2014
	million VND	million VND
Constructions in the Northern area	4,467,228	3,479,852
Constructions in the Central area	416,177	351,725
Constructions in the Southern area	335,543	270,598
	5,218,948	4,102,175

18. OTHER ASSETS

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

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

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

19. GOODWILL

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

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

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. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM

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

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

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

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

Borrowings from other credit institutions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

22. DEPOSITS FROM CUSTOMERS

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

Analysis of deposits from customers by type of business

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

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

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

24. VALUABLE PAPERS ISSUED

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

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

Details of issued valuable papers by term

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

25. OTHER LIABILITIES

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

25.1 DETAILS OF INTERNAL PAYABLES

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

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

25.2 DETAILS OF EXTERNAL PAYABLES

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

26. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

27. CAPITAL AND RESERVES

Movement in major items in owners' equity

	Charter capital	Share premium	Foreign exchange reserves	Investment and development fund	Financial reserve fund	Capital supplementary reserve	Retained earnings	Non-controlling interest	Total
	million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND
As at 01/01/2015 (Restated)	37,234,046	8,974,770	338,463	-	2,888,215	1,457,551	4,140,788	225,271	55,259,104
Profit for the year	-	-	-	-	-	-	5,697,921	18,957	5,716,878
Dividend payment for 2014	-	-	-	-	-	-	(3,723,405)	-	(3,723,405)
Capital increase from share issuance of subsidiaries in the year	-	-	-	-	-	35,811	(35,811)	-	-
Increase from translation of financial statements for consolidation purpose	-	-	103,074	-	333	-	-	-	103,407
Appropriation to reserves for the current year	-	-	-	695	594,063	298,520	(2,098,573)	(1,709)	(1,207,004)
Reclassification of funds	-	-	-	3,729	(3,729)	-	-	-	-
Utilisation of reserves in the year	-	-	-	-	(348)	-	-	-	(348)
Others	-	(38)	-	-	192	-	(38,547)	(93)	(38,486)
As at 31/12/2015	37,234,406	8,974,732	441,537	4,424	3,478,726	1,791,882	3,942,373	242,426	56,110,146

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

27. CAPITAL AND RESERVES (Continued)

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

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

Details of the Bank's shares are as follows:

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

Basic earnings per share:

Earnings for the purpose of calculating basic earnings per share

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

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

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

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

Earnings per share

	2015	2014
	VND	VND
Basic earnings per share:	1,208	1,266

28. INTEREST AND SIMILAR INCOME

	2015	2014 Restated
	million VND	million VND
Interest from deposits	1,517,608	2,121,181
Interest from loans to customers	31,702,025	29,840,099
Interest from debt securities	8,524,178	8,805,580
Income from guarantee services	393,602	286,658
Interest income from finance leases	156,199	168,652
Other income from credit activities	178,119	134,841
	42,471,731	41,357,011

29. INTEREST AND SIMILAR EXPENSES

	2015	2014 Restated
	million VND	million VND
Interest expense on deposits	20,124,990	20,638,810
Interest expense on borrowings	2,609,950	2,222,720
Interest expense on valuable papers issued	773,922	618,525
Expense on other credit activities	123,884	14,840
	23,632,746	23,494,895

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. NET GAIN FROM SERVICES

	2015	2014 Restated
	million VND	million VND
Income from services	2,650,863	2,117,486
Income from remittance services	1,303,888	1,140,287
Income from trust and agency services	52,142	23,445
Others	1,294,833	953,754
Expense on services	1,190,961	938,625
Expense on remittance services	117,673	105,891
Expense from trust and agency services	5,720	159,134
Expense from treasury services	171,439	2,779
Others	896,129	670,821
Net profit from services	1,459,902	1,178,861

31. NET GAIN FROM TRADING FOREIGN CURRENCIES

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

32. NET GAIN FROM TRADING SECURITIES

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

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

33. NET GAIN/(LOSS) FROM INVESTMENT SECURITIES

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

34. NET PROFIT FROM OTHER ACTIVITIES

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

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

35. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS

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

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

36. OPERATING EXPENSES

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

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. CORPORATE INCOME TAX (“CIT”) EXPENSES

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

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. CASH AND CASH EQUIVALENTS

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

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

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

39. EMPLOYEES' REMUNERATIONS

	2015	2014
I. Total number of employees (person) (*)	21,024	19,787
II. Employees' income (million VND)		
1. Total salary fund	4,725,164	4,498,437
2. Bonus	-	-
3. Other allowances	145,943	140,328
4. Total income (1+2+3)	4,871,107	4,638,765
5. Average monthly salary (**)	19,38	19,09
6. Average monthly income (**)	19,98	19,69

(*) Figures as at 31 December.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Valuable papers and assets as collaterals, mortgages and discounting

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

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

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

41. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

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

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

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. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

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

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

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

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

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

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

42. RISK-FREE TRUST AND AGENCY ACTIVITIES

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

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. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As at 31 December 2015:

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

45. SEGMENT REPORT

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

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

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

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. SEGMENT REPORT (Continued)

Business segment report

NO.	ITEMS	Business segment report				Off-set	Total
		Banking financial services	Non-Banking financial services	Others	million VND		
I.	Income	50,935,212	972,353	981,747	(186,403)	52,702,909	
1.	Interest and similar income	42,148,284	294,210	82,168	(52,931)	42,471,731	
	- External Interest and similar income	42,128,661	280,835	62,235	-	42,471,731	
	- Internal Interest and similar income	19,623	13,375	19,933	(52,931)	-	
2.	Income from services	2,074,209	608,616	101,501	(133,463)	2,650,863	
3.	Other income	6,712,719	69,527	798,078	(9)	7,580,315	
II.	Expenses	(39,267,036)	(721,463)	(876,386)	186,403	(40,678,482)	
1.	Interest and similar Expenses	(23,660,925)	(24,547)	(205)	52,931	(23,632,746)	
	- External Interest and similar expenses	(23,628,866)	(3,675)	(205)	-	(23,632,746)	
	- Internal Interest and similar expenses	(32,059)	(20,872)	-	52,931	-	
2.	Depreciation and amortisation expenses	(916,489)	(5,809)	(4,953)	-	(927,251)	
3.	Expenses related to operating business	(14,689,622)	(691,107)	(871,228)	133,472	(16,118,485)	
	Net profit from operating activities before credit provision expenses	11,668,176	250,890	105,361	-	12,024,427	
	Provision expenses for credit losses	(4,660,246)	(18,438)	(302)	-	(4,678,986)	
	Segment profit before tax	7,007,930	232,452	105,059	-	7,345,441	
	Current corporate income tax expense	(1,558,094)	(50,183)	(20,286)	-	(1,628,563)	
	Segment profit after corporate income tax	5,449,836	182,269	84,773	-	5,716,878	
III.	Assets	781,603,409	4,026,167	1,652,857	(7,798,946)	779,483,610	
1.	Cash on hand	5,039,404	4,406	46,958	-	5,090,768	
2.	Fixed assets	8,521,950	97,551	46,266	-	8,665,767	
3.	Other assets	768,042,055	3,924,210	1,559,633	(7,798,946)	765,726,952	
IV.	Liabilities	725,437,856	1,326,566	348,174	(3,739,255)	723,373,341	
1.	External liabilities	722,510,828	998,550	329,039	(3,739,255)	720,099,162	
2.	Internal liabilities	2,927,028	328,016	19,135	-	3,274,179	

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. SEGMENT REPORT (Continued)**Geographical segment report**

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

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

46. FINANCIAL INSTRUMENTS

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

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

Financial assets

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

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

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

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

- a) A financial asset is classified as held for trading if:

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

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. FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

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

- *Held-to-maturity investments:*

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

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

- *Loans and receivables:*

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

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

- *Available-for-sale financial assets:*

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

- *Financial liabilities at fair value through profit or loss:*
 - a) *A financial liability must meet either of the following conditions:*
 - It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
 - There is evidence of a recent actual pattern of short-term profit-taking; or
 - It is a derivative (except for the derivative that is a financial guarantee contract or effective hedging instrument).
 - b) Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.
- *Financial liabilities at amortised cost:*

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

Offsetting financial assets and financial liabilities

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

The risk management policy related to financial instruments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

46. FINANCIAL INSTRUMENTS (Continued)

The risk management policy related to financial instruments (Continued)

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

46. FINANCIAL INSTRUMENTS (Continued)**The risk management policy related to financial instruments (Continued)**

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

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

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

Determination of fair value of financial instruments

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

The Bank's financial instruments are detailed as follows:

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. FINANCIAL INSTRUMENTS (Continued)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

46. FINANCIAL INSTRUMENTS (Continued)

Classification of financial assets as at 31 December 2015:

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

Classification of financial liabilities as at 31 December 2015:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

47. CURRENCY RISK

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

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

The Bank is exposed to the following risks:

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

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

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

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

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

For investment activities:

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

For foreign currency trading activities:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

47. CURRENCY RISK (Continued)

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

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

(*) 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

48. INTEREST RATE RISK

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

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

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

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

The Bank's interest rate risk policies

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

48. INTEREST RATE RISK (Continued)***The Bank's interest rate risk policies (Continued):***

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

Interest rate risk management

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

Interest rate risk management at portfolio level

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

Interest Rate Management at transaction level

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

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

Interest rate sensitivity

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

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. INTEREST RATE RISK (Continued)

31/12/2015	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		
Assets											
Cash, gold and gemstones	5,090,768	-	-	-	-	-	-	-	-	-	5,090,768
Balances with the State Bank of Vietnam	-	-	11,892,969	-	-	-	-	-	-	-	11,892,969
Placements with and loans to other credit institutions (*)	-	-	55,269,789	10,361,900	-	387,100	-	-	-	-	66,018,789
Trading securities (*)	-	-	3,373,406	-	-	-	-	-	-	-	3,373,406
Loans to customers (*)	-	4,942,240	3,211,051	368,192,959	109,164,867	47,693,388	2,490,655	2,384,669	-	-	538,079,829
Investment securities (*)	274,036	-	-	14,019,409	26,367,833	3,919,611	25,807,374	38,247,323	13,233,351	-	121,868,937
Long-term investments (*)	3,914,009	-	-	-	-	-	-	-	-	-	3,914,009
Fixed assets	8,665,767	-	-	-	-	-	-	-	-	-	8,665,767
Other assets (*)	27,024,116	-	-	-	-	-	-	-	-	-	27,024,116
Total assets	44,968,696	4,942,240	3,211,051	452,748,532	145,894,600	51,612,999	28,685,129	40,631,992	13,233,351	785,928,590	
Liabilities											
Borrowings from the Government and the SBV	-	-	-	7,013,061	3,599,556	568,148	1,800,778	222,362	23,210	-	13,227,115
Deposits and borrowings from other credit institutions	-	-	-	58,850,751	27,845,042	11,180,956	1,292,467	-	-	-	99,169,216
Deposits from customers	-	-	-	123,240,016	133,099,217	56,197,447	131,127,377	49,296,007	-	-	492,960,064
Derivative financial instruments and other financial liabilities	117,619	-	-	-	-	-	-	-	-	-	117,619
Grants, trusted funds and borrowings at risk of the credit institutions	-	-	-	24,581,940	4,892,448	22,678,030	2,015,752	69,077	-	-	54,237,247
Valuable papers issued	-	-	-	2,851,681	1,745,322	5,651,992	1,638,601	5,472,901	3,500,000	-	20,860,497
Other liabilities (*)	42,628,407	-	-	-	-	-	-	-	-	-	42,628,407
Total liabilities	42,800,026	-	-	216,537,449	171,181,585	96,276,573	137,874,975	55,060,347	3,523,210	723,254,165	
Balance sheet net interest gap	2,168,670	4,942,240	3,211,051	236,211,083	(25,286,985)	(44,663,574)	(109,189,846)	(14,428,355)	9,710,141	62,674,425	

(*) 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

49. CREDIT RISK

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

Tools that the Bank uses to manage credit risk include:

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

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position as well as solvency of counterparties based on the qualitative and quantitative factors. Credit limits is established for each counterparty based on its risk rating assigned by the credit rating system. Risk rating is subject to regular assessment.

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

Financial assets overdue but not impaired

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

	Overdue			
	Within 90 days million VND	91-180 days million VND	181-360 days million VND	Over 360 days million VND
Loans to customers	483,508	79,250	166,055	1,215,464

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

50. LIQUIDITY RISK

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

50. LIQUIDITY RISK (Continued)

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

50. LIQUIDITY RISK (Continued)

	Overdue		Current					Total
	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	
Assets								
Cash, gold and gemstones	-	-	5,090,768	-	-	-	-	5,090,768
Balances with the State Bank of Vietnam	-	-	11,892,969	-	-	-	-	11,892,969
Placements with and loans to other credit institutions (*)	-	-	54,268,789	10,361,900	1,388,100	-	-	66,018,789
Trading securities (*)	-	-	3,373,406	-	-	-	-	3,373,406
Loans to customers (*)	4,942,240	3,211,051	79,488,981	129,832,002	206,671,350	90,087,511	23,846,694	538,079,829
Investment securities (*)	-	-	2,734,842	2,783,823	9,121,660	79,825,956	27,402,656	121,868,937
Long-term investments (*)	-	-	-	-	-	-	3,914,009	3,914,009
Fixed assets	-	-	-	-	-	-	8,665,767	8,665,767
Other assets (*)	-	-	-	-	-	-	27,024,116	27,024,116
Total assets	4,942,240	3,211,051	156,849,755	142,977,725	217,181,110	169,913,467	90,853,242	785,928,590
Liabilities								
Borrowings from the Government and the SBV	-	-	7,013,061	3,599,556	2,368,926	222,362	23,210	13,227,115
Deposits and borrowings from other credit institutions	-	-	52,781,498	24,592,804	15,135,018	6,319,806	340,090	99,169,216
Deposits from customers	-	-	123,240,016	133,099,217	187,324,824	49,296,007	-	492,960,064
Derivative financial instruments and other financial liabilities	-	-	117,619	-	-	-	-	117,619
Grants, trusted funds and borrowings at risk of the credit institution	-	-	24,581,941	4,892,448	20,344,069	1,682,539	2,736,250	54,237,247
Valuable papers issued	-	-	2,851,681	1,745,322	2,790,593	5,472,901	8,000,000	20,860,497
Other liabilities (*)	-	-	991,594	1,183,514	4,829,237	23,411,340	12,266,722	42,682,407
Total liabilities	-	-	211,577,410	169,112,861	232,792,667	86,404,955	23,366,272	723,254,165
Net liquidity difference	4,942,240	3,211,051	(54,727,655)	(26,135,136)	(15,611,557)	83,508,512	67,486,970	62,674,425

(*) 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. CAPITAL AND OPERATING LEASE COMMITMENTS

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

52. CONTINGENT LIABILITIES

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

53. OTHER COMMITMENT

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

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

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

	31/12/2015	31/12/2014
	VND	VND
USD	21,890	21,246
EUR	24,560	25,908
GBP	33,303	33,210
CHF	22,695	21,548
JPY	186,61	178,32
SGD	15,893	16,137
CAD	16,193	18,389
AUD	16,401	17,459
NZD	15,390	16,711
THB	612,78	638,42
SEK	2,672	2,762
NOK	2,560	2,878
DKK	3,292	3,480
HKD	2,899	2,749
CNY	3,451	3,426
KRW	19.13	19.60
LAK	2.76	2.62
MYR	5,238	6,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

55. COMPARATIVE FIGURES**55.1 Adjustments/Restatement of opening balance and the bases of adjustments**

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

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

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

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

55. COMPARATIVE FIGURES (Continued)

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

55. COMPARATIVE FIGURES (Continued)**55.2 Presentation and reclassification under the guidance of Circular 49**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

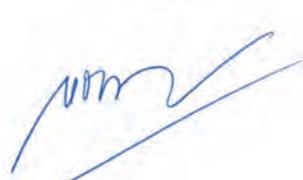
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

55. COMPARATIVE FIGURES (Continued)

55.2 Presentation and reclassification under the guidance of Circular 49

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

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

Preparer 

Le Nhu Hoa
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Management Department

21 March 2016

Approver 

Nguyen Hai Hung
Chief Accountant

Approver 

Tran Minh Binh
Deputy General Director





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