

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

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2016

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



TABLE OF CONTENTS

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

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Vietnam Joint Stock Commercial Bank for Industry and Trade (the “Bank”) presents this report together with the Bank’s interim consolidated financial statements for the 6-month period ended 30 June 2016.

BOARDS OF DIRECTORS AND MANAGEMENT

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

Board of Directors

Mr. Nguyen Van Thang	Chairman
Mr. Le Duc Tho	Member
Ms. Nguyen Hong Van	Member
Mr. Michael Knight Ipson	Member
Mr. Cat Quang Duong	Member
Mr. Go Watanabe	Member (resigned on 26 April 2016)
Mr. Hiroyuki Nagata	Member
Mr. Yotaro Agari	Member (appointed on 26 April 2016)
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 (resigned on 31 May 2016)
Ms. Bui Nhu Y	Deputy General Director
Mr. Nguyen Hoang Dung	Deputy General Director
Mr. Nguyen Duc Thanh	Deputy General Director
Mr. Hiroyuki Nagata	Deputy General Director
Mr. Tran Cong Quynh Lan	Deputy General Director
Mr. Nguyen Dinh Vinh	Deputy General Director
Ms. Le Nhu Hoa	Deputy General Director (appointed on 01 August 2016)
Mr. Nguyen Hai Hung	Chief Accountant

Person authorized to sign the financial statements

Ms. Le Nhu Hoa	(According to Authorization Letter No. 685/UQ-HDQT-NHCT18 dated 08 August 2016 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 interim consolidated financial statements, which give a true and fair view of the consolidated financial position of the Bank and its subsidiaries and of its consolidated results and consolidated cash flows for the period in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim financial reporting. In preparing these interim consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the interim consolidated financial statements;
- Prepare the interim 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 interim 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 consolidated financial position of the Bank and its subsidiaries and that the interim consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim 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 interim consolidated financial statements.

For and on behalf of the Board of Management,



Le Duc Tho
General Director

Hanoi, 09 August 2016

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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade and its subsidiaries (the “Bank”), prepared on 09 August 2016 as set out from page 05 to page 78, which comprise the interim consolidated balance sheet as at 30 June 2016, the interim consolidated income statement and interim consolidated cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Interim Consolidated Financial Statements

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

Auditors’ Responsibility

Our responsibility is to express a conclusion on the accompanying interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view of, in all material respects, the consolidated financial position of the Bank as at 30 June 2016, and of its consolidated financial performance and its consolidated cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim financial reporting.

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Conclusion (Continued)

Without modifying our conclusion, we would like to draw readers' attention to Note 48 of the Notes to the interim consolidated financial statements "Contingent liabilities". As at 30 June 2016, the Bank has legal rights and obligations related to the case of Huynh Thi Huyen Nhu and the other former employees of Ho Chi Minh City branch and Nha Be branch of the Bank. As at 07 January 2015, the Appeal Court of People's Supreme Court at Ho Chi Minh City ("the Appeal Court") had judged the case, sentencing the accused for swindling to appropriate assets and certain other crimes, simultaneously reaching a verdict on judgment against the accused members. In terms of civil responsibilities, Huynh Thi Huyen Nhu was responsible for reimbursement to three (03) banks, four (04) companies and three (03) individuals which were defrauded by her and the Bank neither has compensation obligations, joint liability nor incurs any financial loss with regards to the illegal actions of the accused members mentioned above. The Appeal Court has ceased the first instance judgment in part relating to Huynh Thi Huyen Nhu's illegal actions to five (05) other companies for re-investigation and judgment as regulated by laws. Accordingly, the responsibilities and legal obligations of the parties concerned shall be defined only when the case has been re-investigated and tried with effective judgment and verdict.



Nguyễn Tuan Anh

Audit Director

Audit Practising Registration Certificate

No. 1291-2013-001-1

For and on behalf of

DELOITTE VIETNAM COMPANY LIMITED

09 August 2016

Hanoi, S.R. Vietnam

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2016

FORM B 02a/TCTD-HN

Unit: Million VND

NO.	ITEMS	Notes	30/6/2016	31/12/2015
A.	ASSETS			
I.	Cash, gold and gemstones	4	5,192,530	5,090,768
II.	Balances with the State Bank of Vietnam ("SBV")	5	20,574,590	11,892,969
III.	Placements with and loans to other credit institutions	6	81,757,505	66,018,789
1.	Placements with other credit institutions		77,226,198	64,385,375
2.	Loans to other credit institutions		4,531,307	1,633,414
3.	Provisions for credit losses		-	-
IV.	Trading securities	7	1,711,359	3,346,354
1.	Trading securities		1,798,704	3,373,406
2.	Provisions for impairment of trading securities		(87,345)	(27,052)
V.	Derivative financial instruments and other financial assets	8	164,947	-
VI.	Loans to customers		586,830,459	533,530,118
1.	Loans to customers	9	592,866,483	538,079,829
2.	Provisions for credit losses of loans to customers	10	(6,036,024)	(4,549,711)
VII.	Investment securities	11	113,221,703	120,024,229
1.	Available-for-sale investment securities		103,737,797	108,940,288
2.	Held-to-maturity investment securities		12,668,814	12,928,649
3.	Provisions for impairment of investment securities	12	(3,184,908)	(1,844,708)
VIII.	Long-term investments	13	3,268,750	3,892,314
1.	Investments in joint-ventures		2,676,131	2,782,845
2.	Other long-term investments		595,598	1,131,164
3.	Provisions for impairment of long-term investments		(2,979)	(21,695)
IX.	Fixed assets		8,602,198	8,665,767
1.	Tangible fixed assets	14	4,365,854	4,374,977
a.	Cost		10,120,540	9,746,338
b.	Accumulated depreciation		(5,754,686)	(5,371,361)
2.	Intangible assets	15	4,236,344	4,290,790
a.	Cost		5,109,176	5,090,892
b.	Accumulated amortisation		(872,832)	(800,102)
X.	Other assets		28,885,773	27,022,179
1.	Other receivables	16	11,527,427	10,799,595
2.	Interest and fee receivables		13,967,296	12,863,853
3.	Other assets	17	3,391,925	3,360,668
-	In which: Goodwill	18	5,445	6,352
4.	Provisions for impairment of other assets		(875)	(1,937)
TOTAL ASSETS			850,209,814	779,483,487

The notes are an integral part of these interim consolidated financial statements

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

INTERIM CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2016

FORM B 02a/TCTD-HN

Unit: Million VND

NO. ITEMS	Notes	30/6/2016	31/12/2015
B. LIABILITIES AND OWNERS' EQUITY			
I. Borrowings from the Government and the SBV	19	4,695,138	13,227,115
II. Deposits and borrowings from other credit institutions	20	88,102,101	99,169,216
1. Deposits from other credit institutions		44,106,838	43,399,347
2. Borrowings from other credit institutions		43,995,263	55,769,869
III. Deposits from customers	21	576,364,532	492,960,064
IV. Derivative financial instruments and other financial liabilities	8	-	117,619
V. Grants, trusted funds and borrowings at risk of the credit institution	22	26,491,022	54,237,247
VI. Valuable papers issued	23	20,462,919	20,860,497
VII. Other liabilities		74,582,699	42,801,583
1. Accrued fee and interest expenses		6,724,705	5,971,380
2. Other payables and liabilities	24	67,703,925	36,711,027
3. Other provisions	24	154,069	119,176
TOTAL LIABILITIES		790,698,411	723,373,341
VIII. Capital and reserves	26	59,511,403	56,110,146
1. Contributed capital		46,208,778	46,208,778
a. Charter capital		37,234,046	37,234,046
b. Share premium		8,974,732	8,974,732
2. Reserves		5,283,763	5,275,032
3. Foreign exchange reserves		426,801	441,537
4. Retained earnings		7,344,844	3,942,373
5. Non-controlling interests		247,217	242,426
TOTAL LIABILITIES AND OWNERS' EQUITY		850,209,814	779,483,487

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

INTERIM CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2016

FORM B 02a/TCTD-HN

Unit: Million VND

OFF-CONSOLIDATED BALANCE SHEET ITEMS

NO. ITEMS	Notes	30/6/2016	31/12/2015
1. Credit guarantees	39	5,312,797	5,338,188
2. Foreign exchange transactions commitments	39	82,124,681	65,296,692
<i>Buying foreign currency commitments</i>		3,560,708	6,826,039
<i>Selling foreign currency commitments</i>		3,503,582	6,733,633
<i>Cross currency swap contracts</i>		75,060,391	51,737,020
3. Letters of credit	39	36,878,977	29,551,935
4. Other guarantees	39	32,143,156	32,145,380
5. Other commitments	39	18,743,304	30,337,607

Preparer

Approver

Approver



Nguyen Thi Minh Ngoc
Deputy Head of Financial
Accounting
Management Department

Nguyen Hai Hung
Chief Accountant

Le Nhu Hoa
Deputy General Director

09 August 2016

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

INTERIM CONSOLIDATED INCOME STATEMENT

For the 6-month period ended 30 June 2016

FORM B 03a/TCTD-HN

Unit: Million VND

NO. ITEMS	Notes	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
1. Interest and similar income	27	25,404,391	20,741,521
2. Interest and similar expenses	28	(14,140,621)	(11,120,972)
I. Net interest income		11,263,770	9,620,549
3. Income from services		1,573,628	1,218,743
4. Expenses on services		(768,420)	(541,262)
II. Net profit from services	29	805,208	677,481
III. Net gain from trading foreign currencies	30	343,751	65,003
IV. Net gain from trading securities	31	59,471	114,439
V. Net (loss) from investment securities	32	25,732	(107,663)
5. Other operating income		1,135,847	1,381,683
6. Other operating expenses		(709,109)	(805,305)
VI. Net profit from other activities	33	426,738	576,378
VII. Income from capital contribution, equity investments	34	15,241	53,368
VIII. Operating expenses	35	(5,657,788)	(4,584,860)
IX. Net profit from operating activities before credit provision expenses		7,282,123	6,414,695
X. Provision expenses for credit losses		(3,009,179)	(2,536,112)
XI. Profit before tax		4,272,944	3,878,583
7. Current corporate income tax expenses	36	(858,262)	(843,409)
XII. Corporate income tax expenses	36	(858,262)	(843,409)
XIII. Profit after corporate income tax		3,414,682	3,035,174
XIV. Minority interests		6,864	8,613
XV. Profit attributable to the owners of the Bank		3,407,818	3,026,561
XVI. Basic earnings per share (VND)	26	915	813

Preparer

[Signature]

Nguyen Thi Minh Ngoc
Deputy Head of Financial
Accounting
Management Department

Approver

[Signature]

Nguyen Hai Hung
Chief Accountant



Lê Nhu Hoa
Deputy General Director

09 August 2016

The notes are an integral part of these interim consolidated financial statements

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the 6-month period ended 30 June 2016

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

NO. ITEMS	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
CASH FLOW FROM OPERATING ACTIVITIES		
01. Interest and similar income received	24,312,970	21,156,301
02. Interest and similar expenses paid	(13,468,725)	(11,719,239)
03. Service income received	810,992	649,646
04. Net cash received from trading foreign currencies, gold and securities	525,209	788,251
05. Other expenses	(183,027)	(166,945)
06. Receipts from debts written-off or paid off by risk fund	613,361	696,931
07. Payments to employees and for operating management	(5,240,529)	(4,600,052)
08. Corporate income tax paid	(638,234)	(548,635)
Net cash from operating profit before movements in assets and working capital	6,732,017	6,256,258
<i>Movement in operating assets</i>	<i>(49,920,827)</i>	<i>(37,825,028)</i>
09. (Increase)/Decrease in deposits at and loans to other credit institutions	(2,803,802)	6,241,161
10. Decrease in trading securities	8,524,594	1,494,407
11. (Increase) in derivatives and other financial assets	(164,947)	-
12. (Increase) in loans to customers	(54,786,653)	(43,691,836)
13. (Decrease) in provisions for losses	(156,074)	(1,557,284)
14. (Increase) in other operating assets	(533,945)	(311,476)
<i>Movement in operating liabilities</i>	<i>66,675,077</i>	<i>21,880,978</i>
15. (Decrease) in borrowings from the Government and the State Bank of Vietnam	(8,531,976)	(2,806,331)
16. (Decrease)/Increase in deposits and borrowings from other credit institutions	(11,067,116)	38,012
17. Increase in deposits from customers (including the State Treasury)	83,404,468	25,023,336
18. (Decrease)/Increase in issued valuable papers (excluding valuable papers charged to financial activities)	(397,578)	4,610,455
19. (Decrease)/Increase in grants, trusted funds and borrowings at risk of the credit institution	(27,746,224)	8,674,010
20. (Decrease) in derivatives and other financial liabilities	(117,619)	(49,503)
21. Increase/(Decrease) in other operating liabilities	31,131,157	(13,608,653)
22. Cash outflows from reserves of the credit institution	(35)	(348)
I. Net cash generated by/(used in) operating activities	23,486,267	(9,687,792)

INTERIM CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the 6-month period ended 30 June 2016

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

NO. ITEMS	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
CASH FLOWS FROM INVESTING ACTIVITIES		
01. Acquisition of fixed assets	(815,081)	(710,844)
02. Proceeds from sales, disposal of fixed assets	10,857	8,478
03. Expenses on sales, disposal of fixed assets	(7,387)	(259)
04. Investment in other entities	(24,000)	(10,000)
05. Proceeds from investments in other entities	9,474	11,000
06. Dividends and profit received from long-term investments and capital contribution	12,649	22,524
II. Net cash (used in) investing activities	(813,488)	(679,101)
CASH FLOWS FROM FINANCING ACTIVITIES		
01. Dividends paid	-	-
III. Net cash (used in) financing activities	-	-
IV. Net increase/(decrease) in cash and cash equivalents	22,672,779	(10,366,893)
V. Cash and cash equivalents at the beginning of the period	80,882,722	87,064,648
VI. Effects of changes in foreign exchange rates	(17,282)	13,600
VII. Cash and cash equivalents at the end of the period (Note 37)	103,538,219	76,711,355

Preparer

Approver





Nguyen Thi Minh Ngoc
Deputy Head of Financial
Accounting
Management Department

Nguyen Hai Hung
Chief Accountant

Le Nhu Hoa
Deputy General Director

09 August 2016

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FORM B 05a/TCTD-HN

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

1. GENERAL INFORMATION

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

Establishment and operation

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

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

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

Charter capital

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

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

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

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

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

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

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

Accordingly, as at 30 June 2016, the Bank’s charter capital is VND 37,234,046 million.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05a/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying interim 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 30 June 2016, 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 30 June 2016, 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	Capital market	76%
3	VietinBank Debt Management and Asset Exploitation Company Ltd.	0302077030/GP dated 20 July 2010 by Department of Planning and Investment of Ho Chi Minh City	Asset management	100%
4	VietinBank Insurance Company Ltd.	21/GPDC6/KDBH dated 21 April 2009 by the Ministry of Finance	Non-life insurance	100%
5	VietinBank Gold and Jewelry Trading Company Ltd.	0105011873/GP dated 25 November 2010 by Hanoi Authority for Planning and Investment	Gold and gemstones manufacturing and trading	100%
6	VietinBank Fund Management Company Ltd.	50/UBCK-GP dated 26 October 2010 and 05/GPDC-UBCK dated 23 March 2011 by State Securities Commission of Vietnam (SSC)	Fund management	100%
7	VietinBank Global Money Transfer Company Ltd.	0105757686 dated 03 January 2012 by Hanoi Authority for Planning and Investment	Money transfer intermediary	100%
8	VietinBank Lao Limited	068/NHCHDCNDL dated 08 July 2015 by the Bank of Laos P.D.R	Banking and finance	100%

Employees

The total number of employees of the Bank as at 30 June 2016 is 22,289 (as at 31 December 2015: 21,024).

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

1. GENERAL INFORMATION (Continued)

Disclosure of information comparability in the interim consolidated financial statements

The comparative figures of the interim consolidated balance sheet are the figures of the Bank's audited consolidated financial statements for the year ended 31 December 2015. The comparative figures of the interim consolidated income statement and interim consolidated cash flow statement are the figures of the reviewed interim consolidated financial statements for the 6-month period ended 30 June 2015.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanying interim 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 interim 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 interim consolidated financial statements in terms of the consolidated financial position, consolidated results of operations and consolidated cash flows of the Bank and its subsidiaries. With regards to the number of shares, the Bank presented the figures in unit as shown in Note 26.

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

Accounting period

The Bank's financial year begins on 01 January and ends on 31 December. These interim consolidated financial statements are prepared for the 6 month-period ended 30 June 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of the interim consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim 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 interim consolidated financial statements and the reported amounts of revenues and expenses during the period. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and enterprises controlled by the Bank (its subsidiaries) on 30 June 2016. 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 period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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

The 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.

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 venture 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

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

Loans to customers

Loans to customers are stated at their outstanding principal amounts as at the balance sheet date except for the loans which are unable to be recovered and are written off. According to Circular No. 02/2013/TT-NHNN dated 21 January 2013 ("Circular 02"), the Bank has to establish Risk Settlement Committee in order to decide the use of provision against credit risks in the following cases:

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

Provision for credit losses

In accordance with Law on Credit Institutions No. 47/2010/QH12 effective from 01 January 2011, Decision No. 1627/2001/QĐ-NHNN dated 31 December 2001 of the Governor of the State Bank on lending regulations of credit institutions, Decision No. 127/2005/QĐ-NHNN dated 03 February 2005 amending and supplementing a number of articles of lending regulations under Decision No. 1627/2001/QĐ-NHNN, Circular 02 stipulating classification of assets, levels and method of provisioning and use of provision against credit risk in banking activities by credit institutions and branches of foreign banks 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 under form of credit card issuance;
- Payments on behalf of customers under off-balance sheet commitments;
- Cost and entrusted amounts for purchase of corporate bonds unlisted on the stock market or unregistered for trading on trading market of unlisted public companies (Upcom) (hereinafter referred to as unlisted bonds), excluding purchase of unlisted bonds by entrustment amount which the 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for credit losses (Continued)

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 quantitative 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 the following risk levels: Current, Special-mentioned, Substandard, Doubtful and Loss. Bad debts are Substandard, Doubtful and Loss.

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognized 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. Cash dividends are recognized in the consolidated income statement when dividend distributions are officially announced.

Investment securities

Held-to-maturity investment securities

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

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

In subsequent period, held-to-maturity investment securities are recognised at par value. Any discount or 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 investment in securities using straight-line method over the investment period.

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 securities" account.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment securities (Continued)

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

Periodically, the Bank shall determine and make provision for impairment of those special bonds in accordance with the regulations stipulated in Decree No. 53/2013/ND-CP ("Decree 53") dated 18 May 2013 and Decree No. 18/2016/ND-CP dated 18 March 2016 ("Decree 18") of the Government, and 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, Decree 18 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:

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

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

The special bonds are redeemed in the following cases:

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment securities (Continued)

Available-for-sale investment securities (Continued)

Available-for-sale debt securities are initially recognised at par value as at the transaction date. Accumulative interest income before the purchasing date (for debt securities with interest paid in arrears) or interest income received upfront awaiting amortisation (for debt securities with interest paid in advance) is recorded in a separate account. Any discount or premium which is the difference between the cost and the amount equal to par value plus (+) accumulative interest income before the purchasing date for debt securities with interest paid in arrears or minus (-) interest income received upfront awaiting amortisation for debt securities with interest paid in advance is also recorded in a separate account. Subsequently, available-for-sale debt securities are recorded at par value less/plus remaining discount/premium after being amortised to the consolidated income statement using the straight-line method over the remaining term of securities. Interest paid in arrears is recorded on the basis: accumulative interest income before the purchasing date is recorded as a decrease in value of such securities and the same amount is credited into the accrued interest income; accumulative interest income after the purchasing date is recognised as the Bank's income based on an accrual basis. Interest received upfront is amortised to net gain from investments in securities using the straight-line method over the investment period.

Provisions for impairment of trading securities and investment securities

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

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

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

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).

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Other long-term investments (Continued)

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 in 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 interim consolidated income statement.

Recognition

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

Investment securities and other investments are initially recorded at cost. After initial recording, investment securities and other investments are recorded under the above accounting policies. 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, but they are recorded in the off-balance sheet items.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Bank as lessor (Continued)

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 period or allocated to expenses over the lease term in accordance with rental income recognition.

The Bank as lessee

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

Prepayments

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

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

Other long-term prepayments include repair, maintenance cost for assets, tools, 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 period.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other receivables (Continued)

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

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

Capital and reserves

Common stocks

Common stocks are classified as owners' equity.

Share premium

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

Treasury shares

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

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



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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital and reserves (Continued)

Reserves (Continued)

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 and similar 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 period 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.

Interest and similar expenses

Interest and similar expenses 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and expenses (Continued)

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.

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 period. 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and expenses (Continued)

Income and expense from other services

Income and expense from other services are recognised on accrual 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 dated 30 July 2012) and Circular No. 232/2012/TT-BTC issued by the Ministry of Finance dated 28 December 2012, accordingly:

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

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

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

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

Foreign currencies

According to the Bank's accounting system, all transactions are recorded in the original currency. Income and expense arising in foreign currency during the period are translated into VND at central 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 30 June 2016 in Note 50). 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05a/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying interim consolidated financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

For the purpose of preparing the interim 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 period. Income and expenses are translated at the average exchange rate during the period; 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 payable 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 period. 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 period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

Employee benefits

Post-employment benefits

When retiring, employees of the Bank are entitled to receive post-employment benefits from the Social Insurance Fund and a 2-month 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 is applied to all employees having worked at the Bank for full 12 months and above and shall be paid when employees terminate the labor contracts. 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 average monthly salary used for calculation of severance allowance shall be adjusted to be the average of the 6 consecutive months nearest to the termination date of the labor contracts

Unemployment allowance

Since 01 January 2009, the Bank has contributed to the Unemployment Insurance Fund an amount equal to 1% of its employees' basic salary in accordance with laws and regulations.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 central 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.

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).

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Off-balance sheet commitments and guarantees

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

According to Circular 02 and Circular 09 issued by the State Bank of Vietnam, 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.

4. CASH, GOLD AND GEMSTONES

	30/6/2016	31/12/2015
	million VND	million VND
Cash in VND	4,390,630	4,392,024
Cash in foreign currencies	678,666	643,793
Valuable papers in foreign currencies	-	14,239
Monetary gold	101,150	15,450
Non-monetary gold	1	1,139
Gold, other precious metal and gemstones	22,083	24,123
	5,192,530	5,090,768

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

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

	<u>30/6/2016</u>	<u>31/12/2015</u>
	million VND	million VND
Current account at the State Bank of Vietnam		
- In VND	19,469,765	8,786,477
- In foreign currencies	1,104,825	3,106,492
	<u>20,574,590</u>	<u>11,892,969</u>

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

Compulsory reserve balances for VND deposits applicable to credit institutions as at 30 June 2016 are as follows:

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

Compulsory reserve balances for deposits in foreign currencies applicable to credit institutions as at 30 June 2016 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05a/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying interim consolidated financial statements

6. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	<u>30/6/2016</u>	<u>31/12/2015</u>
	million VND	million VND
Placements with other credit institutions		
Demand deposits	32,731,746	15,685,526
- In VND	25,043,800	7,360,065
- In foreign currencies	7,687,946	8,325,461
Term deposits	44,494,452	48,699,849
- In VND	20,984,417	12,318,625
- In foreign currencies	23,510,035	36,381,224
Provisions for credit losses	-	-
	<u>77,226,198</u>	<u>64,385,375</u>
Loans to other credit institutions		
- In VND	3,437,657	1,353,564
<i>Include: discounts, rediscounts</i>	287,657	303,564
- In foreign currencies	1,093,650	279,850
<i>Include: discounts, rediscounts</i>	-	-
- Provisions for credit losses	-	-
	<u>4,531,307</u>	<u>1,633,414</u>
Placements with and loans to other credit institutions	<u>81,757,505</u>	<u>66,018,789</u>

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

	<u>30/06/2016</u>	<u>31/12/2015</u>
	million VND	million VND
Current loans	49,025,759	50,333,263
Special-mentioned loans	-	-
Sub-standard loans	-	-
Doubtful loans	-	-
Loss loans	-	-
Total	<u>49,025,759</u>	<u>50,333,263</u>

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

7. TRADING SECURITIES

	<u>30/6/2016</u>	<u>31/12/2015</u>
	million VND	million VND
Debt securities	1,456,015	3,200,074
- Government bonds	1,106,015	3,200,074
- Debt securities issued by other local credit institutions	350,000	-
Equity securities	342,689	173,332
- Equity securities issued by other local credit institutions	1,440	4,670
- Equity securities issued by local business entities	341,249	168,662
	<u>1,798,704</u>	<u>3,373,406</u>
Provisions for impairment of trading securities	(87,345)	(27,052)
	<u>1,711,359</u>	<u>3,346,354</u>

8. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS/LIABILITIES

	Net book value	
	(at the exchange rate as at the reporting date)	
	<u>Assets</u>	<u>Liabilities</u>
	million VND	million VND
As at 30/6/2016		
Currency derivative financial instruments	164,947	-
Forward contracts	43,659	-
Swap contracts	121,288	-
As at 31/12/2015		
Currency derivative financial instruments	-	117,619
Forward contracts	-	23,589
Swap contracts	-	94,030

9. LOANS TO CUSTOMERS

	<u>30/6/2016</u>	<u>31/12/2015</u>
	million VND	million VND
Loans to local business entities and individuals	584,140,689	530,370,007
Discounting promissory notes and valuable papers	1,181,868	632,317
Finance leases	1,764,983	1,687,147
Payments made on behalf of customers	33,097	33,497
Loans by grants, investment trusts	736,095	834,517
Loans to foreign organisations and individuals	4,941,865	4,454,458
Frozen loans and loans pending for resolution	67,886	67,886
	<u>592,866,483</u>	<u>538,079,829</u>

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

9. LOANS TO CUSTOMERS (Continued)

Analysis of loan balances by quality

	30/6/2016	31/12/2015
	million VND	million VND
Current loans	581,574,437	529,926,538
Special-mentioned loans	5,925,570	3,211,051
Sub-standard loans	1,544,191	1,411,357
Doubtful loans	772,239	735,343
Loss loans	3,050,046	2,795,540
	592,866,483	538,079,829

Analysis of loan balances by term

	30/6/2016	31/12/2015
	million VND	million VND
Short-term loans	328,176,484	301,472,059
Medium-term loans	66,798,924	60,120,242
Long-term loans	197,891,075	176,487,528
	592,866,483	538,079,829

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.

10. PROVISIONS FOR CREDIT LOSSES OF LOANS TO CUSTOMERS

Movement in provision for credit losses of loans to customers for the 6-month period ended 30 June 2016 are as follows:

	General provision	Specific provision	Total
	million VND	million VND	million VND
As at 01/01/2016	3,815,343	734,368	4,549,711
Provision charged for the period	641,160	851,000	1,492,160
Provision utilised for the period	-	(5,847)	(5,847)
As at 30/6/2016	4,456,503	1,579,521	6,036,024

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 as at 30 June 2016 was set up based on loan classification results as at 30 June 2016. Provision for credit losses of loans at overseas branches is made in accordance with prevailing regulations in their local jurisdictions.

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

10. PROVISIONS FOR CREDIT LOSSES OF LOANS TO CUSTOMERS (Continued)

Movement in provision for credit losses of loans to customers for the 6-month period ended 30 June 2015 is as follows:

	General provision	Specific provision	Total
	million VND	million VND	million VND
As at 01/01/2015	3,159,793	1,206,709	4,366,502
Provision charged for the period	421,730	1,813,131	2,234,861
Provision utilised for the period	-	(1,116,953)	(1,116,953)
Decrease in provision during the period	-	(440,331)	(440,331)
As at 30/6/2015	3,581,523	1,462,556	5,044,079

11. INVESTMENT SECURITIES

	30/6/2016	31/12/2015
	million VND	million VND
Available-for-sale investment securities	103,737,797	108,940,288
<i>Debt securities</i>	<i>103,134,306</i>	<i>108,666,252</i>
- Government bonds	43,154,076	39,468,438
- Debt securities issued by other local credit institutions	16,339,995	16,554,359
- Debt securities issued by local business entities	43,640,235	52,643,455
<i>Equity securities</i>	<i>603,491</i>	<i>274,036</i>
- Equity securities issued by local business entities	603,491	274,036
Provisions for impairment of available-for-sale investment securities	(427,437)	(454,031)
<i>In which:</i>		
- Provisions for impairment of available-for-sale equity investment securities	(100,114)	(62,164)
- General provision for impairment of available-for-sale debt investment securities	(327,323)	(391,867)
- Specific provision for impairment of available-for-sale debt investment securities	-	-
	103,310,360	108,486,257
Held-to-maturity investment securities	12,668,814	12,928,649
Government bonds	2,200,000	2,200,000
Debt securities issued by local business entities	10,468,814	10,728,649
Provisions for impairment of held-to-maturity investment securities	(2,757,471)	(1,390,677)
	9,911,343	11,537,972
	113,221,703	120,024,229

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

11. INVESTMENT SECURITIES (Continued)

Analysis of securities quality classified as credit risk assets

	30/6/2016	31/12/2015
	million VND	million VND
Current loans	44,026,983	52,730,203
Special-mentioned loans	-	-
Sub-standard loans	-	-
Doubtful loans	-	-
Loss loans	-	-
Total	44,026,983	52,730,203

As at 30 June 2016, 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 as at 30 June 2016 is made based on the results of loan classification as at 30 June 2016.

12. PROVISIONS FOR IMPAIRMENT OF INVESTMENT SECURITIES

Movement in provisions for impairment of investment securities for the 6-month period ended 30 June 2016 is as follows:

	Provision for available-for-sale investment securities		Provision for held-to-maturity investment securities		
	Debt securities issued by unlisted business entities	Equity securities	Debt securities issued by unlisted business entities	Other debt securities	Total
	million VND	million VND	million VND	million VND	million VND
As at 01/01/2016	391,866	62,165	1,390,677	-	1,844,708
Provision charged/(reversed) for the period	(64,543)	37,949	1,517,020	-	1,490,426
Provision utilised for the period	-	-	(150,226)	-	(150,226)
As at 30/6/2016	327,323	100,114	2,757,471	-	3,184,908

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

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

12. 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 6-month period ended 30 June 2016 is as follows:

	<u>General provision</u>	<u>Specific provision</u>	<u>Total</u>
	million VND	million VND	million VND
As at 01/01/2016	394,767	1,387,776	1,782,543
Provision charged/(reversed) for the period	(64,543)	1,517,020	1,452,477
Provision utilised for the period	-	(150,226)	(150,226)
As at 30/6/2016	330,224	2,754,570	3,084,794

Movement in provisions for impairment of debt securities of unlisted business entities for the 6-month period ended 30 June 2015 is as follows:

	<u>General provision</u>	<u>Specific provision</u>	<u>Total</u>
	million VND	million VND	million VND
As at 01/01/2015	243,167	384,253	627,420
Provision charged for the period	91,907	280,698	372,605
As at 30/6/2015	335,074	664,951	1,000,025

13. LONG-TERM INVESTMENTS, CAPITAL CONTRIBUTION

	<u>30/6/2016</u>	<u>31/12/2015</u>
	million VND	million VND
Investments in joint ventures	2,676,131	2,782,845
Other long-term investments	595,598	1,131,164
Provisions for impairment of long-term investments	(2,979)	(21,695)
	<u>3,268,750</u>	<u>3,892,314</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 05a/TCTD-HN

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

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

Investments in joint ventures

Details of investments in joint ventures as at 30 June 2016 are as follows:

	30/6/2016			31/12/2015		
	Cost in original currency	Cost equivalent million VND	Net value of investment using equity method million VND	Proportion of ownership interest %	Cost in original currency	Cost equivalent million VND
Indovina Bank Ltd.	96,500,000	1,688,788	2,459,347	50	96,500,000	1,688,788
Vietinbank Aviva Life Insurance Company Limited	Non-applicable	400,000	216,784	50	Non-applicable	400,000
		<u>2,088,788</u>	<u>2,676,131</u>		<u>2,088,788</u>	<u>2,782,845</u>

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

Since its establishment, the charter capital of Indovina Bank Ltd. has been increased several times under the approval of the SBV, while the proportions of ownership interest of the joint venture partners remain unchanged. As at 30 June 2016, 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, and 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05a/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying interim consolidated financial statements

14. TANGIBLE FIXED ASSETS

Movement of tangible fixed assets for the 6-month period ended 30 June 2016 is as follows:

	Buildings, structures	Machinery, equipment	Motor vehicles	Others	Total
	million VND	million VND	million VND	million VND	million VND
Cost					
As at 01/01/2016	4,351,033	4,243,435	997,730	154,140	9,746,338
Acquisitions during the period	54,647	62,810	37,340	2,612	157,409
Transfer from construction in progress	185,410	22,603	2,428	3,106	213,547
Other additions	8,788	387	120	58	9,353
Disposals	(15)	(2,367)	(1,609)	-	(3,991)
Reclassifications	(200)	(608)	(1,679)	2,487	-
Other decreases	(357)	(1,452)	(119)	(188)	(2,116)
As at 30/6/2016	4,599,306	4,324,808	1,034,211	162,215	10,120,540
Accumulated depreciation					
As at 01/01/2016	1,170,495	3,425,503	670,409	104,954	5,371,361
Charge for the period	116,934	194,728	55,631	9,602	376,895
Other additions	12,128	8	16	4	12,156
Disposals	(15)	(2,367)	(1,604)	-	(3,986)
Reclassifications	(151)	(799)	(1,230)	2,180	-
Other decreases	(250)	(1,166)	(63)	(261)	(1,740)
As at 30/6/2016	1,299,141	3,615,907	723,159	116,479	5,754,686
Net book value					
As at 30/6/2016	3,300,165	708,901	311,052	45,736	4,365,854
As at 31/12/2015	3,180,538	817,932	327,321	49,186	4,374,977

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

14. TANGIBLE FIXED ASSETS (Continued)

Movement of tangible fixed assets for the 6-month period ended 30 June 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	4,173,165	4,072,663	877,566	190,338	9,313,732
Acquisitions during the period	2,183	3,846	17,091	862	23,982
Transfer from construction in progress	14,630	170	2,441	692	17,933
Other additions	90	14,112	277	100	14,579
Disposals	(863)	(4,642)	(1,757)	(739)	(8,001)
Reclassifications	4,492	43,813	3,706	(47,518)	4,493
Other decreases	(48,515)	(969)	(237)	(335)	(50,056)
As at 30/6/2015	4,145,182	4,128,993	899,087	143,400	9,316,662
Accumulated depreciation					
As at 01/01/2015	964,640	2,991,802	577,277	118,383	4,652,102
Charge for the period	105,090	213,416	51,328	11,352	381,186
Other additions	173	575	59	46	853
Disposals	(756)	(4,641)	(1,602)	(739)	(7,738)
Reclassifications	-	25,490	1,584	(27,074)	-
Other decreases	(7,238)	(888)	(118)	(426)	(8,670)
As at 30/6/2015	1,061,909	3,225,754	628,528	101,542	5,017,733
Net book value					
As at 30/6/2015	3,083,273	903,239	270,559	41,858	4,298,929
As at 31/12/2014	3,208,525	1,080,861	300,289	71,955	4,661,630

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

15. INTANGIBLE ASSETS

Movement of intangible assets for the 6-month period ended 30 June 2016 is as follows:

	Land use rights	Others	Total
	million VND	million VND	million VND
Cost			
As at 01/01/2016	4,218,797	872,095	5,090,892
Acquisitions during the period	21,112	393	21,505
Other additions	264	7,804	8,068
Disposals	(8,226)	-	(8,226)
Other decreases	(2,937)	(126)	(3,063)
As at 30/6/2016	4,229,010	880,166	5,109,176
Accumulated amortisation			
As at 01/01/2016	181,736	618,366	800,102
Charge for the period	18,637	54,954	73,591
Other additions	-	25	25
Disposals	(886)	-	(886)
As at 30/6/2016	199,487	673,345	872,832
Net book value			
As at 30/6/2016	4,029,523	206,821	4,236,344
As at 31/12/2015	4,037,061	253,729	4,290,790

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

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

15. INTANGIBLE ASSETS (Continued)

Movement of intangible assets for the 6-month period ended 30 June 2015 is as follows:

	Land use rights	Computer software	Total
	million VND	million VND	million VND
Cost			
As at 01/01/2015	3,984,153	867,659	4,851,812
Acquisitions during the period	40,933	534	41,467
Other additions	3,121	2,569	5,690
Reclassifications	28,775	(33,268)	(4,493)
Other decreases	-	(438)	(438)
As at 30/6/2015	4,056,982	837,056	4,894,038
Accumulated amortisation			
As at 01/01/2015	144,679	496,598	641,277
Charge for the period	21,008	56,739	77,747
Other decreases	-	(253)	(253)
As at 30/6/2015	165,687	553,084	718,771
Net book value			
As at 30/6/2015	3,891,295	283,972	4,175,267
As at 31/12/2014	3,839,474	371,061	4,210,535

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

16. OTHER RECEIVABLES

	30/6/2016	31/12/2015
	million VND	million VND
Construction in progress	5,574,462	5,218,948
Purchases and major repair of fixed assets	2,639,902	2,579,371
External receivables	2,551,696	2,490,062
Internal receivables	761,367	511,214
	11,527,427	10,799,595

Construction in progress

	30/6/2016	31/12/2015
	million VND	million VND
Constructions in the Northern area	4,861,604	4,467,228
Constructions in the Central area	437,760	416,177
Constructions in the Southern area	275,098	335,543
	5,574,462	5,218,948

17. OTHER ASSETS

	30/6/2016	31/12/2015
	million VND	million VND
Materials and tools	157,733	144,250
Prepaid expenses (*)	3,226,644	3,208,078
Trusted investments	225	-
Goodwill (Note 18)	5,445	6,352
Other assets	1,878	1,988
	3,391,925	3,360,668

(*) 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 30 June 2016, the Bank does not have other assets classified as credit risk bearing assets according to Circular 02 and Circular 09.

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

18. 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).

	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
	million VND	million VND
Total goodwill	18,149	18,149
Amortisation period	10 years	10 years
Accumulated amortised goodwill at the beginning of the period	(11,797)	(9,982)
Goodwill not yet amortised at the beginning of the period	6,352	8,167
Goodwill decrease during the period	(907)	(908)
- Amortised for the period	(907)	(908)
Total goodwill not yet amortised at the end of the period	5,445	7,259

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

	30/6/2016	31/12/2015
	million VND	million VND
Borrowings from the SBV	4,677,400	13,205,353
Borrowings for grants to State-owned enterprises	12,472	12,472
Loans under credit contracts	4,664,928	3,147,931
Discounting and rediscounting valuable papers	-	10,039,754
Other borrowings	-	5,196
Current accounts held by the State Treasury	17,738	21,762
- In VND	3	158
- In USD	17,735	21,604
	4,695,138	13,227,115

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

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

20. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

Placement of other credit institutions

	30/6/2016	31/12/2015
	million VND	million VND
Demand deposits	20,354,088	5,196,801
- In VND	18,202,900	2,627,269
- In foreign currencies	2,151,188	2,569,532
Term deposits	23,752,750	38,202,546
- In VND	14,115,030	27,828,501
- In foreign currencies	9,637,720	10,374,045
	44,106,838	43,399,347

Borrowings from other credit institutions

	30/6/2016	31/12/2015
	million VND	million VND
- In VND	13,245,000	13,090,000
- In foreign currencies	30,750,263	42,679,869
	43,995,263	55,769,869

In the 6-month period ended 30 June 2016, 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05a/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying interim consolidated financial statements

21. DEPOSITS FROM CUSTOMERS

	30/6/2016	31/12/2015
	million VND	million VND
Demand deposits	87,125,360	71,433,115
- Demand deposits in VND	75,728,722	59,039,033
- Demand deposits in foreign currencies	11,396,638	12,394,082
Term deposits	470,799,429	404,632,198
- Term deposits in VND	443,958,839	374,945,005
- Term deposits in foreign currencies	26,840,590	29,687,193
Deposits for specific purpose	4,241,918	3,061,924
- Deposits for specific purpose in VND	2,629,247	1,218,004
- Deposits for specific purpose in foreign currencies	1,612,671	1,843,920
Margin deposits	14,197,825	13,832,827
- Margin deposits in VND	13,733,283	13,088,839
- Margin deposits in foreign currencies	464,542	743,988
	576,364,532	492,960,064

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

	30/6/2016	31/12/2015
	million VND	million VND
Funds received from other organisations and individuals in VND	17,910,937	45,282,155
Funds received from other organisations and individuals in foreign currencies	4,221,748	4,524,936
Funds received from international organisations in VND	710,163	766,009
Funds received from international organisations in foreign currencies	3,648,174	3,664,147
	26,491,022	54,237,247

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

23. VALUABLE PAPERS

	30/6/2016	31/12/2015
	million VND	million VND
Valuable papers in VND	15,003,226	15,401,637
Par value	15,003,226	15,401,637
Valuable papers in foreign currencies	5,459,693	5,458,860
Par value	5,469,367	5,474,048
Discount	(9,674)	(15,188)
	20,462,919	20,860,497

Details of valuable papers by term

Valuable papers	Bill	Bearer bonds	Book-entry bonds	Certificate of deposit	Total
	million VND	million VND	million VND	million VND	million VND
As at 30/6/2016					
<i>Under 12 months</i>					
Par value	363	-	-	27,326	27,689
<i>From 12 months to under 5 years</i>					
Par value	-	5,468,420	-	1,576,484	7,044,904
Discount	-	(9,674)	-	-	(9,674)
<i>Over 5 years</i>					
Par value	-	-	13,400,000	-	13,400,000
	363	5,458,746	13,400,000	1,603,810	20,462,919
As at 31/12/2015					
<i>Under 12 months</i>					
Par value	476	-	-	5,778,457	5,778,933
<i>From 12 months to under 5 years</i>					
Par value	-	5,472,670	-	1,624,082	7,096,752
Discount	-	(15,188)	-	-	(15,188)
<i>Over 5 years</i>					
Par value	-	-	8,000,000	-	8,000,000
	476	5,457,482	8,000,000	7,402,539	20,860,497

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

24. OTHER PAYABLES

	30/6/2016	31/12/2015
	million VND	million VND
Internal payables	1,948,663	2,029,586
External payables	65,362,507	33,436,848
Other provisions	154,069	119,176
Bonus and welfare funds	392,755	1,244,593
	67,857,994	36,830,203

Details of external payables

	30/6/2016	31/12/2015
	million VND	million VND
Payments/receipts on behalf of other organisations	61,217,812	31,213,296
Amount due to customers and deferred payment	51,499	44,055
Corporate income tax payables	376,700	155,920
Other pending payments	1,784,121	933,961
Fund transfer	73,040	13,727
Other payables relating to securities activities	312,018	303,526
Other tax payables	70,027	83,759
Payables to the SBV from recovery of written-off bad debts	81,829	79,484
Payables relating to trade finance activities	7,264	7,799
Money transfer payables	1,155,559	94,118
Payables to building constructors	58,244	80,753
Other payables	174,394	426,450
	65,362,507	33,436,848

25. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	Opening balance	Movement in the period		Closing balance
	million VND	Payable	Paid	million VND
	million VND	million VND	million VND	million VND
Value added tax	2,135	120,104	109,716	12,523
Corporate income tax	155,920	859,014	638,234	376,700
Other taxes	74,815	248,901	273,518	50,198
	232,870	1,228,019	1,021,468	439,421

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

26. CAPITAL AND RESERVES

The movement of major items in owners' equity:

	Charter capital million VND	Share premium million VND	Foreign exchange reserves million VND	Investment and development fund million VND	Financial reserve fund million VND	Capital supplementary reserve million VND	Retained earnings million VND	Non- controlling interests million VND	Total million VND
As at 01/01/2016	37,234,046	8,974,732	441,537	4,424	3,478,726	1,791,882	3,942,373	242,426	56,110,146
Profit for the period	-	-	-	-	-	-	3,407,818	6,864	3,414,682
(Decrease) due to financial statements translation for consolidation purpose	-	-	(14,736)	-	(176)	-	-	-	(14,912)
Appropriation to reserves	-	-	-	3,178	2,882	2,882	41,685	(2,073)	48,554
Reclassification of funds	-	-	-	11,456	(11,456)	-	-	-	-
Reserve utilization during the period	-	-	-	-	(35)	-	-	-	(35)
Others	-	-	-	-	-	-	(47,032)	-	(47,032)
As at 30/6/2016	37,234,046	8,974,732	426,801	19,058	3,469,941	1,794,764	7,344,844	247,217	59,511,403

As at 30 June 2016, the Bank made temporary appropriation to reserves and profit distribution based on the operating result in 2015 under Resolution No. 15/NQ-DHDCD dated 26 April 2016.

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

26. CAPITAL AND RESERVES (Continued)

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

	30/6/2016		31/12/2015	
	Total shares	Ordinary	Total shares	Ordinary
	(units)	shares	(units)	shares
		(million VND)		(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	8,974,732
	3,723,404,556	46,208,778	3,723,404,556	46,208,778

Details of the Bank's shares are as follows:

	30/6/2016	31/12/2015
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

	From 01/01/2016 to 30/6/2016 million VND	From 01/01/2015 to 30/6/2015 million VND
Profit after corporate income tax	3,407,818	3,026,561
Appropriation to bonus and welfare fund for the current period	-	-
Profit for the period attributable to equity holder	3,407,818	3,026,561

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

	From 01/01/2016 to 30/6/2016 Share	From 01/01/2015 to 30/6/2015 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 period	-	-
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	3,723,404,556	3,723,404,556

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

26. CAPITAL AND RESERVES (Continued)

Earnings per share

	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
	VND	VND
Basic earnings per share	915	813

27. INTEREST AND SIMILAR INCOME

	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
	million VND	million VND
Interest from deposits	640,396	780,711
Interest from loans to customers	19,841,748	15,365,006
Interest from debt securities	4,436,978	4,118,253
Income from guarantee services	266,463	325,501
Interest from finance leases	92,459	77,981
Other income from credit activities	126,347	74,069
	25,404,391	20,741,521

28. INTEREST AND SIMILAR EXPENSES

	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
	million VND	million VND
Interest expense on deposits	11,738,665	9,689,518
Interest expense on borrowings	1,725,635	1,136,632
Interest expense on valuable papers issued	620,950	236,876
Expense on other credit activities	55,371	57,946
	14,140,621	11,120,972

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

29. NET GAIN FROM SERVICES

	From 01/01/2016 to 30/6/2016 million VND	From 01/01/2015 to 30/6/2015 million VND
Income from services	1,573,628	1,218,743
Income from remittance services	754,153	610,020
Income from trust and agency services	21,138	21,610
Others	798,337	587,113
Expense for services	768,420	541,262
Expense for remittance services	58,556	46,800
Expense for treasury services	85,745	72,967
Expense for trust and agency services	3,988	2,077
Others	620,131	419,418
Net gain from services	805,208	677,481

30. NET GAIN FROM TRADING FOREIGN CURRENCIES

	From 01/01/2016 to 30/6/2016 million VND	From 01/01/2015 to 30/6/2015 million VND
Income from trading foreign currencies	2,196,254	1,691,865
- Income from spot trading foreign currencies	957,194	1,024,786
- Income from trading gold	674,376	277,173
- Income from trading derivative financial instruments	564,684	389,906
Expense for trading foreign currencies	1,852,503	1,626,862
- Expenses for spot trading foreign currencies	406,090	350,052
- Expenses for trading gold	666,151	274,448
- Expenses for trading derivative financial instruments	780,262	1,002,362
Net gain from trading foreign currencies	343,751	65,003

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

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

31. NET GAIN FROM TRADING SECURITIES

	From 01/01/2016 to 30/6/2016 million VND	From 01/01/2015 to 30/6/2015 million VND
Income from trading securities held for trading	104,370	118,363
Expense for trading securities held for trading	(2,108)	(417)
Provision (charged) for impairment of securities held for trading	(42,791)	(3,507)
Net gain from securities held for trading	59,471	114,439

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

	From 01/01/2016 to 30/6/2016 million VND	From 01/01/2015 to 30/6/2015 million VND
Income from trading investment securities	1,224	-
Expense for trading investment securities	(2,085)	(7,596)
Provision reversed/(charged) for impairment of investment securities	26,593	(100,067)
Net gain/(loss) from trading investment securities	25,732	(107,663)

33. NET PROFIT FROM OTHER ACTIVITIES

	From 01/01/2016 to 30/6/2016 million VND	From 01/01/2015 to 30/6/2015 million VND
Other operating income	1,135,847	1,381,683
Income from recovery of bad debts	855,687	697,089
Income from disposals of assets	10,857	9,052
Income from other derivatives	24,568	515,456
Other income	244,735	160,086
Other operating expenses	709,109	805,305
Expenses for other derivatives trading	119,108	527,762
Expenses of disposed assets	7,387	259
Other expenses	582,614	277,284
Net gain from other activities	426,738	576,378

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

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

34. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS

	From 01/01/2016 to 30/6/2016 million VND	From 01/01/2015 to 30/6/2015 million VND
Dividends received in cash from capital contribution, equity investments	12,650	22,523
- from equity investment securities	7,042	1,103
- from capital contribution and long-term investments	5,608	21,420
Share from net profit under equity method of investments in joint ventures	2,591	30,845
	15,241	53,368

35. OPERATING EXPENSES

	From 01/01/2016 to 30/6/2016 million VND	From 01/01/2015 to 30/6/2015 million VND
Taxes, fees and charges	20,857	33,028
Staff cost		
- Salaries and allowances	2,844,978	2,173,175
- Salary-based expenses	137,158	130,562
- Other benefits	11,561	10,866
- Other expenses	280,457	106,247
Expenses for fixed assets		
- Depreciation and amortisation expense	450,486	459,653
- Others	441,049	446,171
Expenses for operating management		
- Per diem	71,536	57,350
- Expense for union activities	11,702	8,780
- Others	1,164,634	956,276
Insurance premium for customers' deposits	200,774	170,625
Other provision expenses	22,596	32,127
	5,657,788	4,584,860

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

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

36. CORPORATE INCOME TAX ("CIT") EXPENSES

	From 01/01/2016 to 30/6/2016 million VND	From 01/01/2015 to 30/6/2015 million VND
Profit before tax	4,272,944	3,878,583
<i>Adjustments for:</i>		
- Non-taxable dividend income	(5,890)	(10,203)
- Profit before tax of subsidiaries	(209,200)	(167,929)
- Income from increase in interest in joint ventures	(2,591)	(30,845)
- Others	28,561	(8,096)
Taxable income of the Holding Bank	4,083,824	3,661,510
CIT expense of the Holding Bank based on local taxable income	816,765	805,532
CIT expense of the Holding Bank based on overseas taxable income	-	3,680
CIT expense of subsidiaries	41,497	34,197
CIT expense based on the taxable income	858,262	843,409

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



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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

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

37. CASH AND CASH EQUIVALENTS

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

	<u>30/6/2016</u>	<u>31/12/2015</u>
	million VND	million VND
Cash, gold and gemstones (*)	5,192,530	5,090,768
Balances with the State Bank of Vietnam (*)	20,574,590	11,892,969
Current deposits at other credit institutions (*)	32,731,746	15,685,526
Placements with other credit institutions with terms not exceeding 3 months	44,102,153	48,213,459
Securities with maturity or recovery term of not exceeding 3 months from the date of purchase	937,200	-
	<u>103,538,219</u>	<u>80,882,722</u>

(*) Balances of cash, gold and gemstones; balances with the State Bank of Vietnam and current deposits at other credit institutions are presented in Note 4, Note 5 and Note 6, respectively.

38. VALUABLE PAPERS AND ASSETS AS COLLATERALS, MORTGAGES AND DISCOUNTING, REDISCOUNTING

Valuable papers and assets as collaterals, mortgages and discounting:

	Carrying value at balance sheet date (million VND)	
	<u>30/6/2016</u>	<u>31/12/2015</u>
Real estate	628,778,790	573,334,087
Movable assets	46,352,848	40,871,174
Valuable papers	112,539,039	109,954,562
Other assets	370,187,670	345,878,561
	<u>1,157,858,347</u>	<u>1,070,038,384</u>

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

As at 30 June 2016, 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.

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

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

39. 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 consolidated balance sheet.

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

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

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

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

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

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

Details of contingent liabilities and commitments as at 30 June 2016:

	30/6/2016	31/12/2015
	million VND	million VND
Contingent liabilities	74,334,930	67,035,503
Credit guarantees	5,312,797	5,338,188
Letters of Credit	36,878,977	29,551,935
Other guarantees	32,143,156	32,145,380
Commitments	100,867,985	95,634,299
Foreign exchange transactions commitments	82,124,681	65,296,692
Other commitments	18,743,304	30,337,607

As at 30 June 2016, the Bank classified contingent liabilities based on quality of loans under Circular 02 and Circular 09.

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

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

40. 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 6-month period ended 30 June 2016 are as follows:

Related parties	Relationship	Transactions	From 01/01/2016 to 30/6/2016 million VND
The State Bank of Vietnam	Direct owner	Increase in deposits	8,681,621
The State Bank of Vietnam	Direct owner	Decrease in borrowings	(8,527,953)
Indovina Bank Ltd.	Joint Venture	Increase in placements with Indovina	4,401,678
Indovina Bank Ltd.	Joint Venture	Increase in deposits from Indovina	3,208,638
Vietinbank Aviva Life Insurance Company Ltd.	Joint Venture	Decrease in deposits from Aviva	(32,242)

Significant balances with related parties as at 30 June 2016 are as follows:

Related parties	Relationship	Transactions	Receivables million VND	Payables million VND
The State Bank of Vietnam	Direct owner	Demand deposits and compulsory reserves	20,574,590	-
The State Bank of Vietnam	Direct owner	Borrowings	-	4,677,400
Indovina Bank Ltd.	Joint Venture	Deposits	4,401,678	6,127,550
Vietinbank Aviva Life Insurance Company Ltd.	Joint Venture	Deposits	-	162,568

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

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

As at 30 June 2016

					Derivatives (Difference between debit - credit)	Trading and investment securities (Difference between debit - credit)
	Total loan balance	Total placements (assets)	Total deposits (liabilities)	Credit commitments		
	million VND	million VND	million VND	million VND	million VND	million VND
Domestic	593,064,690	95,664,429	616,860,054	74,267,596	164,947	118,205,315
Overseas	4,333,100	2,136,359	3,629,054	67,334	-	-
	<u>597,397,790</u>	<u>97,800,788</u>	<u>620,489,108</u>	<u>74,334,930</u>	<u>164,947</u>	<u>118,205,315</u>

42. 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 05a/TCTD-HN

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

42. SEGMENT REPORT (Continued)

Business segment report

NO. ITEMS	Banking financial services	Non-banking financial services	Others	Off-set	Total
	million VND	million VND	million VND	million VND	million VND
I. Income					
1. Interest and similar income	29,052,347	610,574	802,955	(34,920)	30,430,956
- External interest and similar income	25,206,563	171,406	48,149	(21,727)	25,404,391
- Internal interest and similar income	25,196,105	164,252	44,034	-	25,404,391
2. Income from services	10,458	7,154	4,115	(21,727)	-
3. Other income	1,165,367	409,217	8,948	(9,904)	1,573,628
II. Expenses					
1. Interest and similar expenses	2,680,417	29,951	745,858	(3,289)	3,452,937
- External interest and similar expenses	(21,938,375)	(486,012)	(759,366)	34,920	(23,148,833)
- Internal interest and similar expenses	(14,147,289)	(12,813)	(3,211)	22,692	(14,140,621)
- Depreciation and amortisation expenses	(14,136,341)	(2,034)	(2,246)	-	(14,140,621)
2. Expenses directly related to operating business	(10,948)	(10,779)	(965)	22,692	-
3. Net profit from operating activities before credit provision expenses	(444,431)	(3,505)	(2,550)	-	(450,486)
Provision expenses for credit losses	(7,346,655)	(469,694)	(753,605)	12,228	(8,557,726)
Segment profit before tax	7,113,972	124,562	43,589	-	7,282,123
Current corporate income tax expense	(3,004,723)	(3,733)	(723)	-	(3,009,179)
Segment profit after corporate income tax	4,109,249	120,829	42,866	-	4,272,944
III. Assets					
1. Cash on hand	(827,483)	(23,486)	(7,293)	-	(858,262)
2. Fixed assets	3,281,766	97,343	35,573	-	3,414,682
3. Other assets	851,717,339	4,229,450	1,764,907	(7,501,882)	850,209,814
IV. Liabilities					
1. External liabilities	5,071,440	1,232	119,858	-	5,192,530
2. Internal liabilities	8,456,241	95,602	50,355	-	8,602,198
	838,189,658	4,132,616	1,594,694	(7,501,882)	836,415,086
	792,175,401	1,432,376	433,150	(3,342,516)	790,698,411
	790,210,938	1,072,599	415,972	(3,342,516)	788,356,993
	1,964,463	359,777	17,178	-	2,341,418

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

42. SEGMENT REPORT (Continued)

Geographical segment report

NO. ITEMS	Northern (*) million VND	Southern million VND	Others million VND	Off-set million VND	Total million VND
I. Segment profit before tax	1,999,672	1,763,901	509,371	-	4,272,944
Current corporate income tax expense	(848,498)	(124)	(9,640)	-	(858,262)
II. Segment profit after corporate income tax	1,151,174	1,763,777	499,731	-	3,414,682
III. Segment assets	534,607,725	257,872,770	65,231,201	(7,501,882)	850,209,814
IV. Segment liabilities	474,872,936	255,693,062	63,474,929	(3,342,516)	790,698,411

(*) As at 30 June 2016, the Head Office in the Northern region calculated and paid corporate income tax for all Bank's branches.

43. 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 includes cash, gold and gemstones, balances with the State Bank of Vietnam, placements with and loans to other credit institutions, loans to customers, trading securities, investment securities, other long-term investments, receivables, other assets and assets under currency derivative contracts.

Financial assets within the scope of Circular 210 are 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 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05a/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying interim consolidated financial statements

43. 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.

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.

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

43. FINANCIAL INSTRUMENTS (Continued)

Financial liabilities (Continued)

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

43. FINANCIAL INSTRUMENTS (Continued)

The risk management policy related to financial instruments (Continued)

During the first 6 months of 2016, the Bank has implemented sub-projects on fund management, risk management within the Basel II Project in order to comprehensively enhance the risk management system as described in Basel II.

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

The activities related to the Bank's financial instruments including foreign exchange trading products, gold trading, cross currency swaps, interest rate swaps etc. mainly serve the demands of corporate customers in the preferential and key sectors and corporate and individual customers that have strong financial conditions. In addition, to ensure management of liquidity risk, interest rate risk as well as profit maximization, in the first 6 months of 2016, the Bank continued to enhance 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 has issued regulations, procedures, detailed guidance and internal indicators as well as strictly manages the balance between assets and liabilities, tightly controls the growth in business activities and credit quality; complies with limitation and safety rate for its operation and requirements on risk management as stipulated in Circular 36 and regulations of the State Bank of Vietnam and meets requirements on risk management in accordance with Basel II. Accordingly, risks related to financial instruments are strictly managed as follows:

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

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

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

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

43. FINANCIAL INSTRUMENTS (Continued)

The risk management policy related to financial instruments (Continued)

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 worldwide, 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 44, 45, 46, and 47.

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 05a/TCTD-HN

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

43. FINANCIAL INSTRUMENTS (Continued)

	Carrying value		Fair value	
	(Excluding provisions)			
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
	million VND	million VND	million VND	million VND
Financial assets				
Cash, gold and gemstones	5,192,530	5,090,768	5,192,530	5,090,768
Balances with the State Bank of Vietnam	20,574,590	11,892,969	20,574,590	11,892,969
Placements with and loans to other credit institutions	81,757,505	66,018,789	(*)	(*)
Trading securities - Equity securities with market price reference	339,955	161,502	263,287	135,498
Trading securities - Equity securities without market price reference	2,734	11,830	(*)	(*)
Trading securities - Debt securities	1,456,015	3,200,074	(*)	(*)
Derivative financial instruments and other financial assets	164,947	-	(*)	(*)
Loans to customers	592,866,483	538,079,829	(*)	(*)
Investment securities - Equity securities with market price reference	499,902	274,036	399,789	211,872
Investment securities - Equity securities without market price reference	103,589	-	(*)	(*)
Investment securities - Debt securities	115,803,120	121,594,901	(*)	(*)
Other long-term investments	595,598	1,131,164	(*)	(*)
Other receivables	1,381,730	1,098,294	(*)	(*)
Interest and fee receivables	13,967,296	12,863,853	(*)	(*)
Other assets	1,435	1,320	(*)	(*)
	834,707,429	761,419,329		
Financial liabilities				
Borrowings from the Government and the SBV	4,695,138	13,227,115	(*)	(*)
Deposits and borrowing from other credit institutions	88,102,101	99,169,216	(*)	(*)
Deposits from customers	576,364,532	492,960,064	(*)	(*)
Derivative financial instruments and other financial liabilities	-	117,619	(*)	(*)
Grants, trusted funds and borrowings at risk of the credit institution	26,491,022	54,237,247	(*)	(*)
Valuable papers issued	20,462,919	20,860,497	(*)	(*)
Accrued fee and interest expenses	6,724,705	5,971,380	(*)	(*)
Other payables and liabilities	64,878,141	33,145,285	(*)	(*)
	787,718,558	719,688,423		

(*) The Bank has not assessed fair value of financial assets and financial liabilities as at 30 June 2016 because Vietnamese Accounting Standards as well as prevailing regulations have not had specific guidance on the fair value determination of such items.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 05a/TCTD-HN

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

43. FINANCIAL INSTRUMENTS (Continued)

Classification of financial assets as at 30 June 2016:

	Financial assets				Total million VND
	Held-for- trading million VND	Held-to- maturity million VND	Loans and receivables million VND	Available-for- sale million VND	
Cash, gold and gemstones	5,192,530	-	-	-	5,192,530
Balances with the State Bank of Vietnam	20,574,590	-	-	-	20,574,590
Placements with and loans to other credit institutions	-	-	81,757,505	-	81,757,505
Trading securities	1,798,704	-	-	-	1,798,704
Derivative financial instruments and other financial assets	164,947	-	-	-	164,947
Loans to customers	-	-	592,866,483	-	592,866,483
Investment securities	-	12,668,814	-	103,737,797	116,406,611
Other long-term investments	-	-	-	595,598	595,598
Other receivables	-	-	1,381,730	-	1,381,730
Interest and fee receivables	-	-	13,967,296	-	13,967,296
Other assets	-	-	1,435	-	1,435
	27,730,771	12,668,814	689,974,449	104,333,395	834,707,429

Classification of financial liabilities as at 30 June 2016

All financial liabilities of the Bank as at 30 June 2016 are classified as financial liabilities measured at amortised cost.

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

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

After the event of Brexit, various major significant currencies such as USD, GBP, JPY, etc. fluctuated dramatically due to the effect of market behavior, which leads to increase in the USD/VND exchange rate. However, the SBV has taken flexible measures to ensure exchange rate stability.

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 equivalents) 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. Currency risk for these investments is closely monitored by the Bank through the analysis and forecast of changes in exchange rates of these currencies against VND.

For foreign currency trading activities:

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

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

FORM B 05a/TCTD-HN

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

44. CURRENCY RISK (Continued)

Carrying amounts of assets and liabilities by currencies as at 30 June 2016 are as follows:

ITEMS	EUR equivalent million VND	USD equivalent million VND	VND million VND	Other currencies equivalent million VND	Total million VND
Assets					
Cash, gold and gemstones	121,083	650,203	4,390,630	30,614	5,192,530
Balances with the State Bank of Vietnam	-	1,104,825	19,469,765	-	20,574,590
Placements with and loans to other credit institutions (*)	2,119,280	29,440,444	49,465,872	731,910	81,757,505
Trading securities (*)	-	-	1,798,704	-	1,798,704
Derivative financial instruments and other financial assets	164,947	-	-	-	164,947
Loans to customers (*)	1,520,216	63,110,090	528,236,177	-	592,866,483
Investment securities (*)	-	-	116,406,611	-	116,406,611
Capital contribution, long-term investments (*)	-	1,688,788	1,582,941	-	3,271,729
Fixed assets	71,857	-	8,530,341	-	8,602,198
Other assets (*)	959,783	1,227,721	26,699,144	-	28,886,648
Total assets	4,957,164	97,222,072	756,580,185	762,524	859,521,945
Liabilities and owners' equity					
Borrowings from the Government and the SBV	-	-	4,695,138	-	4,695,138
Deposits and borrowings from other credit institutions	1,021,988	41,515,755	45,562,931	1,427	88,102,101
Deposits from customers	3,930,487	36,314,314	536,050,091	69,640	576,364,532
Grants, trusted funds and borrowings at risk of the credit institution	201,969	7,662,915	18,621,100	5,038	26,491,022
Valuable papers issued	-	5,459,693	15,003,226	-	20,462,919
Other liabilities (*)	1,261,386	1,642,242	71,525,002	-	74,428,630
Capital and reserves	-	-	59,511,403	-	59,511,403
Total liabilities and owners' equity	6,415,830	92,594,920	750,968,891	76,105	850,955,745
Balance sheet currency position	(1,458,666)	4,627,152	5,611,294	686,419	9,466,200

(*) Excluding risk provision.

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

45. 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 interim 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.

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11

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

45. 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 floating 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 "three lines of defense" rule.
- The Bank completed the design, officially applied and continuously upgraded the software system of Assets-Liabilities Management (ALM), which runs to the transaction level under international practices, automatically provides reports of term differences, revaluation under nominal term and behaviour, scenarios analysis reports on interest rate increase/decrease situation, etc. in order to facilitate the Bank's interest rate management activities.
- Re-pricing terms of all loans are required to be adjusted based on the re-pricing terms of funds mobilised and are controlled within established limits by the Bank.

Interest Rate Management at transaction level

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

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

Interest rate sensitivity

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

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

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

Interim consolidated financial statements
For the 6-month period ended 30 June 2016

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 05a/TCTD-HN

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

45. INTEREST RATE RISK (Continued)

	Overdue		Current							Total
	Non - interest bearing	million VND	Over 3	Within 3	Within 1	From 1 to 3	From 3 to 6	From 6 to 12	From 1 to 5	
			months	months	month	months	months	months	years	
	million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND
Assets										
Cash, gold and gemstones	5,192,530	-	-	-	-	-	-	-	-	5,192,530
Balances with the State Bank of Vietnam	-	-	-	-	20,574,590	-	-	-	-	20,574,590
Placements with and loans to other credit institutions (*)	-	-	-	-	62,538,453	17,207,989	1,232,563	778,500	-	81,757,505
Trading securities (*)	-	-	-	-	1,798,704	-	-	-	-	1,798,704
Derivative financial instruments and other financial assets	-	-	-	-	164,947	-	-	-	-	164,947
Loans to customers (*)	-	5,366,476	5,925,570	448,625,815	89,054,259	33,064,161	4,289,606	3,376,189	3,164,406	592,866,483
Investment securities (*)	603,491	-	-	12,247,672	23,231,269	6,754,808	8,549,074	50,509,836	14,510,461	116,406,611
Capital contribution, long-term investments (*)	3,271,729	-	-	-	-	-	-	-	-	3,271,729
Fixed assets	8,602,198	-	-	-	-	-	-	-	-	8,602,198
Other assets (*)	28,886,648	-	-	-	-	-	-	-	-	28,886,648
Total assets	46,556,596	5,366,476	5,925,570	545,950,181	129,493,517	41,051,532	13,617,180	53,886,025	17,674,867	859,521,945
Liabilities										
Borrowings from the Government and the SBV	-	-	-	-	105,118	606,208	1,274,693	2,642,289	65,216	4,695,138
Deposits and borrowings from other credit institutions	-	-	-	-	36,949,289	30,808,914	10,475,182	9,868,716	-	88,102,101
Deposits from customers	-	-	-	-	188,613,142	121,963,898	97,911,954	161,241,361	6,632,673	576,364,532
Grants, trusted funds and borrowings at risk of the credit institutions	-	-	-	-	15,890,711	2,783,609	4,399,762	592,473	2,824,467	26,491,022
Valuable papers issued	-	-	-	-	21,303	403,125	1,167,419	5,471,071	13,400,000	20,462,919
Other liabilities (*)	74,428,630	-	-	-	-	-	-	-	-	74,428,630
Total liabilities	74,428,630	-	-	241,579,563	156,565,754	115,229,010	179,815,911	22,922,355	3,119	790,544,342
Balance sheet net interest gap	(27,872,034)	5,366,476	5,925,570	304,370,618	(27,072,238)	(74,177,478)	(166,198,731)	30,963,670	17,671,749	68,977,603

(*) Excluding risk provision.

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

46. 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 interim financial reporting. The aging of such financial assets as at 30 June 2016 is presented below:

	Overdue			
	Within 90 days	91-180 days	181-360 days	Over 360 days
	million VND	million VND	million VND	million VND
Loans to customers	340,592	75,430	101,640	1,240,068

The Bank is currently holding collaterals in the forms of real estate, movable assets, valuable papers and others in kind for the above financial assets. For the purpose of determining whether the assets are impaired and any provision is needed in accordance with Vietnamese Accounting Standards, these assets' values are measured in accordance with Circular 02 and Circular 09 (see Note 38).

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

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

47. LIQUIDITY RISK (Continued)

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

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

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

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

The data in the Liquidity Risk Report as at 30 June 2016 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

47. LIQUIDITY RISK (Continued)

	Overdue		Current					Total
	Over 03	Within 03	Within 01	From 01 to 03	From 03 to 12	From 01 to 05	Over 05	
	months	months	month	months	months	years	years	
	million VND	million VND	million VND	million VND	million VND	million VND	million VND	million VND
Assets								
Cash, gold and gemstones	-	-	5,192,530	-	-	-	-	5,192,530
Balances with the State Bank of Vietnam	-	-	20,574,590	-	-	-	-	20,574,590
Placements with and loans to other credit institutions (*)	-	-	62,538,453	17,207,989	2,011,063	-	-	81,757,505
Trading securities (*)	-	-	1,798,704	-	-	-	-	1,798,704
Derivative financial instruments and other financial assets	-	-	164,947	-	-	-	-	164,947
Loans to customers (*)	5,366,476	5,925,570	44,569,016	111,460,950	204,855,109	137,349,213	83,340,149	592,866,483
Investment securities (*)	-	-	1,371,764	1,317,186	11,268,797	86,677,644	15,771,219	116,406,611
Capital contribution, long-term investments (*)	-	-	-	-	-	-	3,271,729	3,271,729
Fixed assets	-	-	-	-	-	-	8,602,198	8,602,198
Other assets (*)	-	-	-	-	-	-	28,886,648	28,886,648
Total assets	5,366,476	5,925,570	136,210,003	129,986,126	218,134,969	224,026,858	139,871,943	859,521,945
Liabilities								
Borrowings from the Government and the SBV	-	-	105,118	606,208	3,916,982	65,216	1,614	4,695,138
Deposits and borrowings from other credit institutions	-	-	30,729,073	22,775,985	24,143,432	10,216,814	236,797	88,102,101
Deposits from customers	-	-	89,638,825	121,963,898	259,153,315	105,594,407	14,087	576,364,532
Grants, trusted funds and borrowings at risk of the credit institution	-	-	15,890,711	2,783,609	1,803,980	3,369,856	2,642,866	26,491,022
Valuable papers issued	-	-	21,303	402,956	6,638,661	-	13,400,000	20,462,919
Other liabilities (*)	-	-	34,389,606	2,458,889	6,553,299	30,872,595	154,241	74,428,630
Total liabilities	-	-	170,774,636	150,991,544	302,209,668	150,118,889	16,449,605	790,544,342
Net liquidity difference	5,366,476	5,925,570	(34,564,633)	(21,005,418)	(84,074,699)	73,907,969	123,422,339	68,977,603

(*) Excluding risk provision.

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

48. CONTINGENT LIABILITIES

As at 30 June 2016, 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 balance sheet date, the Appeal Court of People's Supreme Court at Ho Chi Minh City ("the Appeal Court") had judged the case on 07 January 2015, sentencing the accused for swindling to appropriate assets and certain other crimes, simultaneously reaching a verdict on judgment against accused members. In terms of civil responsibilities, Huynh Thi Huyen Nhu was responsible for reimbursement to three (03) banks, four (04) companies and three (03) individuals which were defrauded by her and the Bank neither has compensation obligations, joint liability nor incurs any financial loss with regards to the illegal actions of 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.

49. OTHER COMMITMENT

On 27 April 2016, the Bank and Petrolimex Joint Stock Commercial Bank ("PG Bank") signed the Merger agreement replacing the Merger agreement which was signed on 22 May 2015. The merger of PG Bank into the Bank shall be under a stock swap with the ratio of 1:0.9 (i.e. 1 PG Bank share shall be swapped for 0.9 share of the Bank) under approval by the General Meeting of Shareholders according to Resolution No. 15/NQ-DHDCD dated 26 April 2016. 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05a/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying interim consolidated financial statements

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

	<u>30/6/2016</u>	<u>31/12/2015</u>
	VND	VND
USD	21,873	21,890
EUR	24,693	24,560
GBP	29,900	33,303
CHF	22,713	22,695
JPY	215.79	186.61
SGD	16,461	15,893
CAD	17,147	16,193
AUD	16,539	16,401
NZD	15,795	15,390
THB	631.20	612.78
SEK	2,618	2,672
NOK	2,652	2,560
DKK	3,319	3,292
HKD	2,858	2,899
CNY	3,327	3,451
KRW	19.25	19.13
LAK	2.72	2.76
MYR	5,530	5,238

Preparer



Nguyen Thi Minh Ngoc
Deputy Head of Financial
Accounting
Management Department

09 August 2016

Approver



Nguyen Hai Hung
Chief Accountant



Approver

Le Nhu Hoa
Deputy General Director