

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

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE
FINANCIAL STATEMENTS**

For the year ended 31 December 2014

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



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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Vietnam Joint Stock Commercial Bank for Industry and Trade (the “Bank”) presents this report together with the Bank’s separate financial statements for the year ended 31 December 2014.

BOARDS OF DIRECTORS AND MANAGEMENT

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

Board of Directors

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

Board of Management

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

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

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

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

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

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

For and on behalf of the Board of Management,



Le Duc Tho
General Director

Hanoi, 20 March 2015

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying separate financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade (the "Bank"), prepared on 20 March 2015 as set out from page 05 to page 76, which comprise the balance sheet as at 31 December 2014, the statement of income, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "separate financial statement").

Management's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of matter

Without qualifying our opinion, we would like to draw attention to Note 51 of the Notes to the separate financial statements "Contingent liabilities", as at 31 December 2014, the Bank has legal rights and obligations related to the case of Huynh Thi Huyen Nhu and the other former employees of Ho Chi Minh City branch and Nha Be branch of the Bank. At the reporting date, the Appeal Court of People's Supreme Court at Ho Chi Minh City heard and trial for the case on 07 January 2015, sentencing the accused Huyen Nhu for swindling to appropriate assets and certain other crimes, simultaneously reaching a verdict on judgment against Huyen Nhu and other accused members. In terms of civil responsibilities, Huynh Thi Huyen Nhu was responsible to reimbursement to three (03) banks, four (04) companies and three (03) individuals which were defrauded and the Bank neither has compensation obligations, joint liability nor incurs any financial loss with regards to the illegal actions of these accuseds mentioned above. However, the appellate court has partly ceased the first instance judgment in part relating to five (05) other companies for re-investigation. Under the provisions of the criminal law and criminal procedure for a case that is being re-investigated, the responsibilities and legal obligations of the parties concerned shall be defined only when the case has been trial with specific judgment and the verdict takes effect.



Trương Anh Hùng
Deputy General Director
Audit Practising Registration Certificate
No. 0029-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

20 March 2015
Hanoi, S.R. Vietnam

Pham Quynh Hoa
Auditor
Audit Practising Registration Certificate
No. 0910-2013-001-1

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

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

Separate financial statements
For the year ended 31 December 2014

BALANCE SHEET

As at 31 December 2014

FORM B 02/TCTD

Unit: Million VND

NO. ITEMS	Notes	31/12/2014	31/12/2013
A. ASSETS			
I. Cash, gold and gemstones	6	4,598,290	2,829,149
II. Balances with the State Bank of Vietnam ("SBV")	7	9,876,030	10,158,657
III. Placements with and loans to other credit institutions	8	75,770,178	73,245,533
1. Placements with other credit institutions		67,097,386	59,218,804
2. Loans to other credit institutions		8,672,792	14,132,724
3. Provisions for credit losses of loans to other credit institutions		-	(105,995)
IV. Trading securities	12	3,595,310	633,425
1. Trading securities		3,595,310	633,425
V. Derivative financial instruments and other financial assets	9	-	164,334
VI. Loans to customers		433,954,893	371,585,842
1. Loans to customers	10	438,264,664	374,856,699
2. Provisions for credit losses of loans to customers	11	(4,309,771)	(3,270,857)
VII. Investment securities		92,047,032	81,809,897
1. Available-for-sale investment securities	13	85,964,781	79,355,574
2. Held-to-maturity investment securities	13	6,708,858	2,586,748
3. Provisions for impairment of investment securities	14	(626,607)	(132,425)
VIII. Long-term investments	15	5,771,885	5,776,748
1. Investments in subsidiaries		3,317,232	3,317,232
2. Investments in joint-ventures		2,088,788	2,088,788
3. Other long-term investments		440,136	440,136
4. Provisions for impairment of long-term investments		(74,271)	(69,408)
IX. Fixed assets		8,767,080	7,055,526
1. Tangible fixed assets	16	4,623,778	3,443,219
a. Cost		9,231,557	7,269,166
b. Accumulated depreciation		(4,607,779)	(3,825,947)
2. Intangible assets	17	4,143,302	3,612,307
a. Cost		4,769,115	4,062,917
b. Accumulated amortisation		(625,813)	(450,610)
X. Other assets		25,851,034	23,006,771
1. Other receivables	18	9,841,414	10,423,764
2. Interest and fee receivables		12,619,762	9,933,252
3. Other assets	19	3,389,858	2,649,755
TOTAL ASSETS		660,231,732	576,265,882

The notes set out from pages 10 to 76 are an integral part of these separate financial statements

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

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

Separate financial statements
For the year ended 31 December 2014

BALANCE SHEET (Continued)

As at 31 December 2014

FORM B 02/TCTD

Unit: Million VND

NO. ITEMS	Notes	31/12/2014	31/12/2013
B. LIABILITIES AND OWNERS' EQUITY			
I. Borrowings from the Government and the SBV	20	4,731,403	147,371
II. Deposits and borrowings from other credit institutions	21	103,770,035	80,465,180
1. Deposits from other credit institutions		42,040,406	31,866,254
2. Borrowings from other credit institutions		61,729,629	48,598,926
III. Deposits from customers	22	424,241,062	364,575,676
IV. Derivative financial instruments and other financial liabilities	9	415,778	-
V. Grants, trusted funds and borrowings at risk of the credit institution	23	32,729,590	33,760,361
VI. Valuable papers issued	24	5,294,073	16,564,766
VII. Other liabilities	25	34,889,974	27,458,332
1. Accrued fee and interest expenses		5,689,492	4,288,543
2. Other payables and liabilities		29,200,482	22,763,801
3. Other provisions		-	405,988
TOTAL LIABILITIES		606,071,915	522,971,686
VIII. Capital and reserves	27	54,159,817	53,294,196
1. Contributed capital		46,203,873	46,203,873
a. Charter capital		37,234,046	37,234,046
b. Share premium		8,969,827	8,969,827
2. Reserves		4,100,651	3,252,566
3. Retained earnings		3,855,293	3,837,757
TOTAL LIABILITIES AND OWNERS' EQUITY		660,231,732	576,265,882

OFF - BALANCE SHEET ITEMS

NO. ITEMS	Notes	31/12/2014	31/12/2013
I. Contingent liabilities	41	54,122,956	46,730,513
1. Loan guarantees		2,496,147	1,421,190
2. L/C guarantees		29,742,703	27,626,059
3. Other guarantees		21,884,106	17,683,264
II. Commitments	41	26,392,728	17,545,621
1. Other commitments		26,392,728	17,545,621

Preparer *nm*

Approver

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Le Nhu Hoa
Head of Financial Accounting
Management Department

HT
Nguyen Hai Hung
Chief Accountant

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Nguyen Van Du
Deputy General Director

20 March 2015

The notes set out from pages 10 to 76 are an integral part of these separate financial statements

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

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

Separate financial statements
For the year ended 31 December 2014

INCOME STATEMENT

For the year ended 31 December 2014

FORM B 03/TCTD
Unit: Million VND

NO. ITEMS	Notes	2014	2013
1. Interest and similar income	28	40,769,128	43,943,514
2. Interest and similar expenses	29	(23,549,642)	(26,085,874)
I. Net interest income		17,219,486	17,857,640
3. Income from services		2,010,128	1,882,371
4. Expenses on services		(730,909)	(550,724)
II. Net profit from services	30	1,279,219	1,331,647
III. Net gain from trading foreign currencies	31	384,857	270,516
IV. Net gain from trading securities	32	191,627	5,732
V. Net (loss)/gain from investment securities	33	(120,888)	59,143
5. Other operating income		3,687,354	1,881,552
6. Other operating expenses		(2,330,066)	(888,646)
VI. Net profit from other activities	34	1,357,288	992,906
VII. Income from capital contribution, equity investments	35	304,125	484,608
VIII. Operating expenses	36	(9,589,146)	(9,190,731)
IX. Net profit from operating activities before credit provision expenses		11,026,568	11,811,461
X. Provision expenses for credit losses		(3,860,083)	(4,080,554)
XI. Profit before tax		7,166,485	7,730,907
7. Current corporate income tax expenses	37	(1,512,493)	(1,859,948)
XII. Corporate income tax expenses	37	(1,512,493)	(1,859,948)
XIII. Profit after corporate income tax		5,653,992	5,870,959

Preparer *th*

Approver



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

20 March 2015

Nguyen Hai Hung
Nguyen Hai Hung
Chief Accountant

Nguyen Van Du
Nguyen Van Du
Deputy General Director

The notes set out from pages 10 to 76 are an integral part of these separate financial statements

CASH FLOW STATEMENT

For the year ended 31 December 2014

FORM B 04/TCTD

Unit: Million VND

NO. ITEMS	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
01. Interest and similar income	38,115,696	41,827,156
02. Interest and similar expenses	(22,149,343)	(25,396,080)
03. Income from services	1,214,726	1,330,930
04. Net cash from trading foreign currencies, gold and trading securities	565,526	477,901
05. Other expenses	(790,544)	(56,104)
06. Receipts from debts written-off or paid off by risk fund	1,181,765	1,239,774
07. Payments to employees and for operating management	(8,948,080)	(8,722,713)
08. Corporate income tax paid	(1,542,919)	(2,195,761)
Net cash from operating profit before movements in assets and working capital	7,646,827	8,505,103
<i>Movement in operating assets</i>	<i>(70,591,062)</i>	<i>(57,266,865)</i>
09. Decrease in deposits at and loans to other credit institutions	5,672,695	2,333,845
10. (Increase) in trading securities	(5,033,484)	(10,824,119)
11. Decrease/(increase) in derivatives and other financial assets	164,334	(89,883)
12. (Increase) in loans to customers	(69,797,581)	(42,921,165)
13. (Decrease) in provisions for losses	(1,897,454)	(4,531,420)
14. Decrease/(Increase) in other operating assets	300,428	(1,234,123)
<i>Movement in operating liabilities</i>	<i>81,389,378</i>	<i>50,910,266</i>
15. Increase/(Decrease) in borrowings from the Government and the State Bank of Vietnam	4,584,032	(2,638,003)
16. Increase/(Decrease) in deposits and borrowings from other credit institutions	23,304,855	(16,159,944)
17. Increase in deposits from customers (including State Treasury)	59,665,386	74,978,195
18. (Decrease) in issued valuable papers (excluding issued valuable papers charged into financial activities)	(11,270,693)	(12,104,463)
19. (Decrease) in grants, trusted funds and borrowings at risk of the credit institution	(1,030,771)	(513,365)
20. Increase in derivatives and other financial liabilities	415,778	-
21. Increase in other operating liabilities	5,720,826	7,347,976
22. Cash outflows from reserves of the credit institution	(35)	(130)
I. Net cash from operating activities	18,445,143	2,148,504
CASH FLOWS FROM INVESTING ACTIVITIES		
01. Acquisition of fixed assets	(3,132,824)	(3,162,510)
02. Proceeds from sales, disposal of fixed assets	1,250,025	5,999
03. Expenses on sales, disposal of fixed assets	-	(6,523)
04. Investments in other entities	-	(386,869)
05. Proceeds from investments in other entities	-	5,000
06. Dividends and profit received from long-term investments and capital contribution	48,307	534,807
II. Net cash (used in) investing activities	(1,834,492)	(3,010,096)

The notes set out from pages 10 to 76 are an integral part of these separate financial statements

CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2014

FORM B 04/TCTD
Unit: Million VND

NO. ITEMS	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES		
01. Increase in share capital from issuing stocks	-	19,985,569
02. Dividends paid	(3,723,405)	(4,194,807)
III. Net cash (used in)/from financing activities	(3,723,405)	15,790,762
IV. Net increase in cash	12,887,246	14,929,170
V. Cash and cash equivalents at the beginning of the year	74,109,396	59,182,485
VI. Effects of changes in foreign exchange rates	12,160	(2,259)
VII. Cash and cash equivalents at the end of the year (Note 38)	87,008,802	74,109,396

Preparer *th*

Approver

Approver



Le Nhu Hoa
Head of Financial Accounting
Management Department

20 March 2015



Nguyen Hai Hung
Chief Accountant



Nguyen Van Du
Deputy General Director

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FORM B 05/TCTD

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

1. GENERAL INFORMATION

Vietnam Joint Stock Commercial Bank for Industry and Trade (herein referred to as the "Bank" or "Vietinbank") is a Joint Stock Commercial Bank incorporated in the Socialist Republic of Vietnam.

Establishment and operation

The Bank was established from the equitisation of Vietnam Bank for Industry and Trade - a State-owned commercial bank which had been established in accordance with Decision No. 402/CT dated 14 November 1990 by the President of Ministerial Council and subsequently reorganised into State-owned corporation in accordance with Decision No. 285/QĐ-NH5 dated 21 September 1996 by the Governor of the State Bank of Vietnam (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 financial services, discounting commercial papers, bonds and other valuable papers, and providing other banking services allowed by the SBV.

Charter capital

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

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

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

On 28 December 2011, the Bank completed its share issuance to the existing shareholders with the total number of new issued shares of 337,162,100.

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

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

1. GENERAL INFORMATION (Continued)

The branch network

The Head Office of the Bank is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2014, the Bank has one (01) Head Office, one (01) Main Operation Center, four (04) administrative units, two (02) local representative offices, one (01) overseas representative office in Myanmar and one hundred and fifty two (152) branches (including three (03) overseas branches).

Subsidiaries

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

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

Employees

The total number of employees of the Bank as at 31 December 2014 is 19,059 (as at 31 December 2013: 19,183).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

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

3. APPLICATION OF NEW ISSUED GUIDANCE

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

On 21 January 2013, the State Bank of Vietnam ("SBV") issued Circular No. 02/2013/TT-NHNN ("Circular 02") on classification of assets, provisioning and use of provisions against credit risks in the banking activity by credit institutions and branches of foreign banks. The Circular replaces Directive No. 05/2005/CT-NHNN dated 26 April 2005 of the State Bank Governor on classification of debts and provisioning against credit risks under Decision No. 493/2005/QĐ-NHNN ("Decision 493") dated 22 April 2005 of the Governor; Decision No. 780/QĐ-NHNN ("Decision 780") dated 23 April 2012 of the Governor on classification of re-scheduled loans; Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 of the Governor on promulgating regulations on classification of debts, provisioning and use of provisions against credit risks in the banking activity by credit institutions; Decision No. 18/2007/QĐ-NHNN ("Decision 18") dated 25 April 2007 of the Governor on amending and supplementing a number of articles of Regulations on classification of debts, provisioning and use of provisions against credit risks in the banking activity by credit institutions regulated in Decision No. 493/2005/QĐ-NHNN dated 22 April 2005. On 18 March 2014, SBV issued Circular No. 09/2014/TT-NHNN ("Circular 09") on amending and supplementing a number of articles of Circular No. 02/2013/TT-NHNN. Circular 02 takes effect from 01 June 2014 with certain articles taking effect after 01 June 2014. The Bank applies Circular 02 for its separate financial statements for the year ended 31 December 2014.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

3. APPLICATION OF NEW ISSUED GUIDANCE (Continued)

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

3. APPLICATION OF NEW ISSUED GUIDANCE (Continued)

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

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

Items	In accordance with previous regulations on classification of loans, risk provisioning levels	In accordance with new regulations on classification of loans, risk provisioning levels	Effects of the application of Circulars 02 and Circular 09
Placements with and loans to other credit institutions	There is no specific regulation on classification of assets, risk provisioning.	Supplement regulations on classification of assets and risk provisioning for deposits, except demand deposits, at other credit institutions.	Classification of assets and risk provisioning are made in accordance with Circular 02 and Circular 09, except for demand deposits.
Trading securities	There is no specific regulation on classification of assets and risk provisioning for unlisted corporate bonds.	Supplement regulations on classification of assets and risk provisioning for cost and entrusted amount for purchase of corporate bonds unlisted on the stock market or unregistered for trading on the trading market of unlisted public companies (Upcom), excluding entrusted amount for purchase of unlisted bonds whereby the trustors bear risks.	Classification of assets and risk provisioning are made in accordance with Circular 02 and Circular 09 for balances of unlisted corporate bonds.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

3. APPLICATION OF NEW ISSUED GUIDANCE (Continued)

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

3. APPLICATION OF NEW ISSUED GUIDANCE (Continued)

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

3. APPLICATION OF NEW ISSUED GUIDANCE (Continued)

Circular No. 10/2014/TT-NHNN

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

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

- Supersede some accounts in the accounts system of credit institutions issued in conjunction with Decision 479;
- Supplement new accounts for specific transactions;
- Amend, supplement name and detailed accounting content of some accounts in the accounts system of credit institutions issued in conjunction with the Decision 479. Accordingly, comparative figures of some accounts those are changed in substance of accounting records are reclassified for comparison purpose (see details in Note 54).

4. NEW ACCOUNTING GUIDANCE IN ISSUE BUT NOT YET EFFECTIVE

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

The Board of Management of the Bank evaluates that the application of Circular 49 in the future may not have a material impact on the comparative figures of the Bank's separate financial statement.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and cash equivalents on hand, demand deposits, balances with the State Bank of Vietnam, placements with other credit institutions (including demand deposits and term deposits not exceeding three months) and securities which are expected to be realised or matured not exceeding three months from the date of purchase.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans to customers

Loans to customers are stated at their outstanding principal amounts as at the balance sheet date except for the loans which are unable to be recovered and are written off. According to Circular 02, the Bank has to establish Risks 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;
- Debts which are classified to Group 5.

Provision for credit losses

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

- Loans;
- Finance lease;
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit facilities under form of credit card issuance;
- Payments on behalf 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 SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for credit losses (Continued)

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

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

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

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

Loan classification is to be made at the end of each quarter for the first three quarters and on 30 November for the last quarter of each financial year.

General provision is made for credit losses which 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 loan exposures that are classified in groups 1 to 4, except for deposits at domestic credit institutions and Vietnam-based foreign bank branches as provided by law, and deposits at foreign credit institutions, valuable papers repurchased and reverse-repurchased from other credit institutions and foreign bank branches in Vietnam.

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

Investments

Trading securities

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

Interests received while holding trading securities are recorded in the income statement on the cash basis.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment in securities

Held-to-maturity investment securities

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

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

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

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

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investment in securities (Continued)

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

The special bonds are redeemed in the following cases:

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

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

Available-for-sale investment securities

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Provisions for impairment of trading securities and investment securities

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

Unlisted corporate bonds are classified and made provision in accordance with Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN (similar to loans represented in **Provision for credit losses**).

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

Investment in subsidiaries

Investments in subsidiaries that the Bank has control are initially recorded using the historical cost method. Historical cost comprises amount of capital contributed plus other cost to maintain its ownership of the investments. The profit distribution that the Bank receives from the accumulated profits of the subsidiaries after the date the Bank starts to have control over the subsidiaries is recorded in the Bank's income statement. The other distributions received are considered parts of the recovery of the investments and are deducted from the value of the investments.

Investment in joint ventures

A joint venture is a contractual arrangement whereby the Bank and other parties undertake an economic activity that is subject to joint control. Joint control is understood as making strategic decisions related to the operational and financial policies of the joint venture must have the consent of the parties to the joint control.

The Bank's investments in joint ventures are stated at cost that includes contributed capital and other expenses for maintaining its ownership of the investments. The profit distributions from accumulated profits of the joint ventures after the Bank's joining date in the ventures are recorded in the Bank's income statement. The other distributions received are considered part of the recovery of investments that are deducted from the value of the investments.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

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 the investee. The long-term investments are recognised at cost less provision (if any).

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

Recognition

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

Investment securities and other investments are initially recorded at cost. After initial recording, investment securities and other investments are recorded under the above accounting policies.

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 separate financial statements. The corresponding proceed is recognised in the balance sheet as a liability. The difference between the sale price and repurchase price is amortised to the income statement over the agreement validity period using the straight-line method based on the contractual interest rate.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trust activities and trusted funds

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

Tangible fixed assets and depreciation

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

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

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

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

Intangible assets and amortisation

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

A lease is considered to be an operating lease when the lessor still bears most of the risks and rewards of ownership of assets.

The Bank as lessee:

Rentals payable under operating leases are charged to the 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 in the income statement using the straight-line method over the prepaid rental period.

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

Other receivables

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other receivables (Continued)

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

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

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 issuance of common stocks are recognised as a decrease in the share premium in the owners' equity.

Treasury shares

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

Reserves

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and expenses

Interest income

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

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

Borrowing costs

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

Income from service charges and commission

Income from service charges and commissions are recognised on the cash basis, except that income from guarantee fee is recognised on the accrual basis.

Dividend recognition

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

Foreign currencies

According to the Bank's accounting system, all transactions are recorded in the original currency. Income and expense arising in foreign currency during the year are translated into VND at interbank exchange rate quoted by the State Bank of Vietnam for USD and at bank transfer rate for other foreign currencies at the end of the transaction date. Monetary assets, liabilities and the balance of equity reserves at foreign branches denominated in foreign currencies as at the balance sheet date are translated into VND using the above exchange rate as at the balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December 2014 in Note 53). Foreign exchange differences arising from the translation of monetary assets and liabilities denominated in foreign currencies into VND as at the balance sheet date are recognised in the income statement.

Other provisions

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are non-taxable or non-deductible.

Deferred tax is recognised on temporary differences between carrying amounts of assets and liabilities in the separate 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 liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit (or tax loss) at the transaction date. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

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

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

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

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

Employee benefits

Post-employment benefits

When retiring, employees of the Bank are entitled to receive post-employment benefits from the Social Insurance Fund and a 2-month pay based on the average of actual monthly salary and expensive allowance of 6 months adjacent to the date of employees' retirement paid by the Bank (allocated from the Bank's provision for salary).

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

Resignation allowance

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Unemployment allowance

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

Derivatives

Forward, swap and future contracts

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

Currency option contracts

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

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;

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

- (b) The party is a joint venture or associate in which the Bank is a venturer;
- (c) The party has a close member of the Board of Directors, Board of Supervisors and Board of Management of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c);
- (e) The party is a Bank that is controlled, jointly controlled or significantly influenced by, or of which, significant voting power in such Bank resides with, directly or indirectly, any individual referred to in (c) or (d).

Off-balance sheet commitments and guarantees

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

According to Circular 02 and Circular 09 issued by the State Bank of Vietnam, credit institutions are required to classify guarantee amounts, payment acceptances, lending commitments which are unconditional and irrevocable and have specific date of the implementation (hereinafter referred to as off-balance sheet commitments) as prescribed in Article 10 of Circular 02 in order to manage and supervise quality of credit extension activity. Accordingly, the off-balance sheet commitments are graded using the following risk classifications: *Current, Special-mentioned, Sub-standard, Doubtful and Loss* based on the overdue status and other qualitative factors.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

6. CASH, GOLD AND GEMSTONES

	31/12/2014	31/12/2013
	million VND	million VND
Cash in VND	3,987,569	2,332,771
Cash in foreign currencies	605,366	489,813
Valuable papers in foreign currencies	1,423	1,818
Monetary gold	3,932	4,747
	4,598,290	2,829,149

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

	31/12/2014	31/12/2013
	million VND	million VND
Current account at the State Bank of Vietnam in VND	7,356,945	7,386,324
Current account at the State Bank of Vietnam in foreign currencies	2,519,085	2,772,333
	9,876,030	10,158,657

Deposit at the State Bank of Vietnam ("SBV") consists of compulsory reserves for deposits and current accounts. Pursuant to regulations by the State Bank of Vietnam on compulsory reserve, part of the Banks' 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 31 December 2014 are as follows:

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

Compulsory reserve balances for deposits in foreign currencies applicable to credit institutions as at 31 December 2014 are as follows:

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

8. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	31/12/2014	31/12/2013
	million VND	million VND
Placements with other credit institutions		
Demand deposits	12,906,412	12,576,472
- In VND	6,506,980	5,436,457
- In foreign currencies	6,399,432	7,140,015
Term deposits	54,190,974	46,642,332
- In VND	43,853,000	37,782,000
- In foreign currencies	10,337,974	8,860,332
	67,097,386	59,218,804
Loans to other credit institutions		
Loans in VND	5,379,662	9,537,470
Loans in gold and foreign currencies	3,293,130	4,595,254
	8,672,792	14,132,724
Provisions for credit losses of loans to other credit institutions (*)	-	(105,995)
	75,770,178	73,245,533

(*) As at 31 December 2014, the Bank has graded term deposits with and loans to other credit institutions using the following risk classifications: *Current, Special-mentioned, Sub-standard, Doubtful and Loss* based on the overdue status under Article 10 of Circular 02 and other qualitative factors of placements and loans. Accordingly, as at 31 December 2014, the term deposits with and loans to other credit institutions are graded in current group and there is to make specific provision required. In addition, Circular 02 does not require the Bank to make general provision for term deposits with and loans to other credit institutions.

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

9. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS/LIABILITIES

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

10. LOANS TO CUSTOMERS

	<u>31/12/2014</u>	<u>31/12/2013</u>
	million VND	million VND
Loans to local business entities and individuals	434,185,457	371,491,369
Discounting promissory notes and valuable papers	516,404	562,909
Payments made on behalf of customers	36,218	30,445
Loans by grants, investment trusts	1,081,585	1,336,736
Loans to foreign organisations and individuals	2,445,000	1,435,240
	<u>438,264,664</u>	<u>374,856,699</u>

Analysis of loan balances by quality

	<u>31/12/2014</u>	<u>31/12/2013</u>
	million VND	million VND
Current loans	429,780,561	368,589,345
Special-mentioned loans	3,609,460	2,528,801
Sub-standard loans	348,172	515,442
Doubtful loans	2,468,319	974,061
Loss loans	2,058,152	2,249,050
	<u>438,264,664</u>	<u>374,856,699</u>

Analysis of loan balances by term

	<u>31/12/2014</u>	<u>31/12/2013</u>
	million VND	million VND
Short-term loans	263,544,166	227,647,048
Medium-term loans	38,718,772	32,032,523
Long-term loans	136,001,726	115,177,128
	<u>438,264,664</u>	<u>374,856,699</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

10. LOANS TO CUSTOMERS (Continued)

Analysis of loan balances by type of business entity

	31/12/2014	31/12/2013
	million VND	million VND
State-owned enterprises	33,517,018	30,401,296
State-owned one-member limited enterprises	69,799,644	65,832,863
Two or more member limited liability enterprises with more than 50% of the State's share holding	2,599,293	2,595,327
Other limited companies	76,680,521	70,202,978
Joint stock companies with more than 50% of the State's share-holding	33,700,359	29,596,806
Other joint stock companies	112,363,944	90,531,534
Partnership companies	39,479	265,660
Private companies	13,659,149	12,251,473
Foreign invested enterprises	19,386,197	12,328,812
Cooperatives, cooperative unions	1,783,291	1,866,539
Household businesses, individuals	73,760,504	58,425,479
Administrative units, the Party, unions and associations	975,265	495,011
Others	-	62,921
	438,264,664	374,856,699

Analysis of loan balances by industry

	31/12/2014	31/12/2013
	million VND	million VND
Agriculture, forestry and aquaculture	14,767,944	11,260,053
Mining and quarrying	24,005,966	24,432,848
Manufacturing and processing	145,223,632	127,344,314
Electricity, fuel gas and hot water	27,771,774	25,661,685
Water supplying, garbage and sewage treatment and management	1,012,271	563,554
Construction	37,708,541	26,581,900
Wholesale and retail trade, repair of motor vehicles, motor cycles	126,304,336	107,198,910
Transport, warehouse	7,081,524	7,730,763
Hospitality services	3,230,810	2,415,429
Information and communications	1,400,003	1,530,684
Real estate	27,198,692	24,796,140
Profession, science and technology	73,075	95,855
Administrative activities and supporting service	434,193	332,401
Education and training	707,717	786,232
Health care and social work	1,984,579	1,812,303
Other service activities	7,599,217	6,063,292
Households	11,125,975	5,723,154
International organisations and bodies	584,712	188,109
Others	49,703	339,073
	438,264,664	374,856,699

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

10. LOANS TO CUSTOMERS (Continued)

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

11. PROVISIONS FOR CREDIT LOSSES OF LOANS TO CUSTOMERS

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

	General provision	Specific provision	Total
	million VND	million VND	million VND
As at 01/01/2014	2,615,912	654,945	3,270,857
Provision charged for the year	532,945	3,339,293	3,872,238
Provision utilised for the year	-	(2,833,324)	(2,833,324)
As at 31/12/2014	3,148,857	1,160,914	4,309,771

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

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

Provision for credit losses of loans at overseas branches is made in accordance with prevailing regulations in their local jurisdictions.

Movement in provision for credit losses of loans to customers for the year ended 31 December 2013 is as follows:

	General provision	Specific provision	Total
	million VND	million VND	million VND
As at 01/01/2013	2,289,022	1,351,904	3,640,926
Provision charged for the year	326,890	3,834,461	4,161,351
Provision utilised for the year	-	(4,531,420)	(4,531,420)
As at 31/12/2013	2,615,912	654,945	3,270,857

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

12. TRADING SECURITIES

	31/12/2014	31/12/2013
	million VND	million VND
Debt securities	3,595,310	633,425
- Government bonds	3,595,310	633,425
	3,595,310	633,425
Provision for impairment of trading securities	-	-
	3,595,310	633,425
Listing status of trading securities		
	31/12/2014	31/12/2013
	million VND	million VND
Debt securities		
Government bonds		
- Listed	3,595,310	633,425
- Unlisted	-	-
	3,595,310	633,425

13. INVESTMENT SECURITIES

	31/12/2014	31/12/2013 (*)
	million VND	million VND
Available-for-sale investment securities	85,964,781	79,355,574
Debt securities	85,920,758	79,311,551
Government bonds (**)	41,995,428	45,699,747
Debt securities issued by other local credit institutions	8,225,653	4,214,596
Debt securities issued by local business entities	35,699,677	29,397,208
Equity securities	44,023	44,023
Equity securities issued by local business entities	44,023	44,023
Provisions for impairment of available-for-sale investment securities	(239,454)	(129,524)
	85,725,327	79,226,050
Held-to-maturity investment securities	6,708,858	2,586,748
Government bonds	2,200,000	2,200,000
Debt securities issued by local business entities	4,508,858	386,748
Provisions for impairment of held-to-maturity investment securities	(387,153)	(2,901)
	6,321,705	2,583,847
Total	92,047,032	81,809,897

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

(**) As at 31 December 2014, the Bank has discounted a number of Government bonds with a value of VND 3,070,000 million to borrow from the State Bank of Vietnam (see Note 20) and pledged a number of Government bonds with a value of VND 1,126,088 million to guarantee borrowings from other credit institution (see Note 21).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

14. PROVISION FOR IMPAIRMENT OF INVESTMENT SECURITIES

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

	Provision for available-for-sale investment securities			Provision for held-to-maturity investment securities		
	Debt securities issued by unlisted business entities			Debt securities issued by unlisted business entities		Total
	million VND	million VND	million VND	million VND	million VND	million VND
As at 01/01/2014	101,722	-	27,802	2,901	-	132,425
Provision charged/ (reversed) for the year	121,742	-	(11,812)	499,828	-	609,758
Provision utilised for the year	-	-	-	(115,576)	-	-
As at 31/12/2014	223,464	-	15,990	387,153	-	626,607

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

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

	General provision million VND	Specific provision million VND	Total million VND
As at 01/01/2014	104,623	-	104,623
Provision charged for the year	121,742	499,828	621,570
Provision utilised for the year	-	(115,576)	(115,576)
As at 31/12/2014	226,365	384,252	610,617

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

14. PROVISION FOR IMPAIRMENT OF INVESTMENT SECURITIES (Continued)

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

	General provision	Specific provision	Total
	million VND	million VND	million VND
As at 01/01/2013	44,820	-	44,820
Provision charged for the year	59,803	-	59,803
As at 31/12/2013	104,623	-	104,623

15. LONG-TERM INVESTMENTS

	31/12/2014	31/12/2013 (*)
	million VND	million VND
Investment in subsidiaries (Note 15.1)	3,317,232	3,317,232
Investments in joint ventures (Note 15.2)	2,088,788	2,088,788
Other long-term investments	440,136	440,136
Provisions for impairment of long-term investments	(74,271)	(69,408)
	5,771,885	5,776,748

(*) Some items are reclassified for comparison purpose.

15.1 Investment in subsidiaries

Investment in subsidiaries at cost are as follows:

	31/12/2014	31/12/2013
	million VND	million VND
Vietinbank Leasing Company Ltd.	800,000	800,000
Vietinbank Securities Joint Stock Company	597,232	597,232
Vietinbank Debt Management and Asset Exploitation Company Ltd.	120,000	120,000
Vietinbank Insurance Company Ltd.	500,000	500,000
Vietinbank Fund Management Company Ltd.	950,000	950,000
Vietinbank Gold and Jewelry Trading Company Ltd.	300,000	300,000
Vietinbank Global Money Transfer Company Ltd.	50,000	50,000
	3,317,232	3,317,232

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

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

Separate financial statements
For the year ended 31 December 2014

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

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15. LONG-TERM INVESTMENTS (Continued)

15.2 Investment in joint ventures

	Place of incorporation (or registration) and operation	Proportion of ownership interest	Proportion of voting power		Investment value as at 31/12/2014	Investment value as at 31/12/2013	Principal activities
			%	%	million VND	million VND	
Indovina Bank Ltd.	97A Nguyen Van Troi Street, Ward 12, Phu Nhuan District, Ho Chi Minh City	50	50	50	1,688,788	1,688,788	Providing banking services such as deposit, lending, card service, L/C, remittances, etc.
Vietinbank Aviva Life Insurance Company Limited	Room 1001B, 10th Floor, B Tower, Handi Resco Building, 512 Kim Ma, Ba Dinh, Hanoi	50	50	50	400,000	400,000	- Providing life insurance service - Providing health insurance service - Providing reinsurance service
					<u>2,088,788</u>	<u>2,088,788</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 remains unchanged. As at 31 December 2014, Indovina Bank Ltd.'s charter capital was USD 193,000,000.

- Vietinbank Aviva Life Insurance Company Limited was established in Vietnam. This company is the joint venture between the Bank and a company incorporated in the United Kingdom - Aviva International Holdings Limited. The joint venture received Establishment and Operation License No. 64 GP/KDBH dated 29 July 2011 issued by the Ministry of Finance for the operating period of 50 years with the initial charter capital of VND 800 billion.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

16. TANGIBLE FIXED ASSETS

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

	Building, structures	Machinery, equipment	Motor vehicles	Others	Total
	million VND	million VND	million VND	million VND	million VND
Cost					
As at 01/01/2014	2,995,472	3,340,052	793,389	140,253	7,269,166
Acquisitions during the year	731,021	350,473	65,774	13,654	1,160,922
Transfer from construction in progress	464,343	29,305	1,675	17,298	512,621
Other additions	11,809	342,891	5,387	17,084	377,171
Disposals	(31,291)	(14,025)	(17,410)	(908)	(63,634)
Other decreases	(19,853)	(4,095)	(427)	(314)	(24,689)
As at 31/12/2014	4,151,501	4,044,601	848,388	187,067	9,231,557
Accumulated depreciation					
As at 01/01/2014	761,495	2,496,224	475,594	92,634	3,825,947
Depreciation charged for the year	206,284	490,130	104,917	23,169	824,500
Other additions	1,991	1,415	-	322	3,728
Disposals	(6,024)	(13,342)	(17,410)	(819)	(37,595)
Other decreases	(2,831)	(5,682)	(145)	(143)	(8,801)
As at 31/12/2014	960,915	2,968,745	562,956	115,163	4,607,779
Net book value					
As at 31/12/2014	3,190,586	1,075,856	285,432	71,904	4,623,778
As at 31/12/2013	2,233,977	843,828	317,795	47,619	3,443,219

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

16. TANGIBLE FIXED ASSETS (Continued)

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

	Building, structures	Machinery, equipment	Motor vehicles	Others	Total
	million VND	million VND	million VND	million VND	million VND
Cost					
As at 01/01/2013	1,946,406	3,798,346	720,111	154,122	6,618,985
Acquisitions during the year	672,742	210,028	87,813	11,958	982,541
Transfer from construction in progress	383,409	28,705	-	3,625	415,739
Other additions	16,182	7,142	2,190	521	26,035
Disposals	(7,810)	(21,320)	(14,187)	(925)	(44,242)
Reclassification	(51)	(670,984)	(671)	(27,858)	(699,564)
Other decreases	(15,406)	(11,865)	(1,867)	(1,190)	(30,328)
As at 31/12/2013	2,995,472	3,340,052	793,389	140,253	7,269,166
Accumulated depreciation					
As at 01/01/2013	565,326	2,614,120	397,522	90,644	3,667,612
Depreciation charged for the year	186,608	447,033	94,645	21,732	750,018
Other additions	13,874	1,253	111	130	15,368
Disposals	(3,130)	(20,051)	(14,187)	(899)	(38,267)
Reclassification	(23)	(545,310)	(628)	(18,459)	(564,420)
Other decreases	(1,160)	(821)	(1,869)	(514)	(4,364)
As at 31/12/2013	761,495	2,496,224	475,594	92,634	3,825,947
Net book value					
As at 31/12/2013	2,233,977	843,828	317,795	47,619	3,443,219
As at 31/12/2012	1,381,080	1,184,226	322,589	63,478	2,951,373

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

17. INTANGIBLE ASSETS

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

	Land-use rights	Computer software	Total
	million VND	million VND	million VND
Cost			
As at 01/01/2014	3,443,404	619,513	4,062,917
Acquisitions during the year	710,796	98,740	809,536
Other additions	16,992	131,249	148,241
Disposals	(250,170)	-	(250,170)
Other decreases	(658)	(751)	(1,409)
As at 31/12/2014	3,920,364	848,751	4,769,115
Accumulated amortisation			
As at 01/01/2014	98,954	351,656	450,610
Amortisation charged for the year	42,834	114,331	157,165
Other additions	2,538	15,870	18,408
Other decreases	(107)	(259)	(366)
As at 31/12/2014	144,215	481,598	625,813
Net book value			
As at 31/12/2014	3,776,149	367,153	4,143,302
As at 31/12/2013	3,344,450	267,857	3,612,307

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

	Land-use rights	Computer software	Total
	million VND	million VND	million VND
Cost			
As at 01/01/2013	2,217,170	412,388	2,629,558
Acquisitions during the year	1,210,518	211,453	1,421,971
Other additions	23,600	508	24,108
Reclassification	-	(3,819)	(3,819)
As at 31/12/2013	3,443,404	619,513	4,062,917
Accumulated amortisation			
As at 01/01/2013	63,341	265,216	328,557
Amortisation charged for the year	36,612	90,637	127,249
Other additions	132	220	352
Reclassification	-	(3,457)	(3,457)
Other decreases	(1,131)	(960)	(2,091)
As at 31/12/2013	98,954	351,656	450,610
Net book value			
As at 31/12/2013	3,344,450	267,857	3,612,307
As at 31/12/2012	2,153,829	147,172	2,301,001

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

18. OTHER RECEIVABLES

	31/12/2014	31/12/2013
	million VND	million VND
Construction in progress	3,989,286	3,585,543
Purchases and major repair of fixed assets	2,523,241	3,537,506
External receivables	2,897,248	2,997,480
Internal receivables	431,639	303,235
	9,841,414	10,423,764

Construction in progress

	31/12/2014	31/12/2013
	million VND	million VND
Constructions in the Northern area	3,376,332	2,829,080
Constructions in the Central area	351,725	269,692
Constructions in the Southern area	261,229	486,771
	3,989,286	3,585,543

19. OTHER ASSETS

	31/12/2014	31/12/2013
	million VND	million VND
Materials and tools	122,065	99,320
Prepaid expenses (*)	3,143,858	2,426,500
Other assets	123,935	123,935
	3,389,858	2,649,755

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

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

21. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	31/12/2014	31/12/2013
	million VND	million VND
Demand deposits, gold from other credit institutions	1,528,122	3,995,154
- In VND	840,496	1,308,320
- In gold and foreign currencies	687,626	2,686,834
Term deposits, gold from other credit institutions	40,512,284	27,871,100
- In VND	31,793,234	19,870,000
- In gold and foreign currencies	8,719,050	8,001,100
Borrowings from other credit institutions (*)	61,729,629	48,598,926
- In VND	13,745,375	21,180,000
- In gold and foreign currencies	47,984,254	27,418,926
	103,770,035	80,465,180

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

22. DEPOSITS FROM CUSTOMERS

	31/12/2014	31/12/2013
	million VND	million VND
Demand deposits, gold	62,222,946	63,023,561
- Demand deposits in VND	52,471,680	51,601,126
- Demand deposits in gold, foreign currencies	9,751,266	11,422,435
Term deposits, gold	347,193,103	290,105,567
- Term deposits in VND	321,592,670	267,694,906
- Term deposits in gold, foreign currencies	25,600,433	22,410,661
Deposits for specific purpose	2,205,291	2,817,072
- Deposits for specific purpose in VND	892,188	1,247,913
- Deposits for specific purpose in foreign currencies	1,313,103	1,569,159
Margin deposits	12,619,722	8,629,476
- Margin deposits in VND	10,651,815	7,386,419
- Margin deposits in gold, foreign currencies	1,967,907	1,243,057
	424,241,062	364,575,676

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

22. DEPOSITS FROM CUSTOMERS (Continued)

Analysis of deposits from customers by type of business

	31/12/2014	31/12/2013
	million VND	million VND
State-owned enterprises	46,235,729	59,404,797
State-owned one-member limited enterprises	39,796,384	21,531,835
Two or more member limited liability enterprises with more than 50% of the State's share holding	761,947	1,078,205
Other limited companies	11,177,602	11,220,400
Joint stock companies with more than 50% of the State's share-holding	23,682,922	18,242,961
Other joint stock companies	18,182,714	18,072,640
Partnership companies	35,901	360,629
Private companies	947,330	1,086,760
Foreign invested enterprises	20,247,735	13,902,481
Cooperatives, cooperative unions	320,069	256,497
Household businesses, individuals	236,752,096	198,835,833
Administrative units, the Party, unions and associations	15,589,556	13,059,446
Others	10,511,077	7,523,192
	424,241,062	364,575,676

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

	31/12/2014	31/12/2013
	million VND	million VND
Funds received from other organisations and individuals in VND	24,259,273	27,453,348
Funds received from other organisations and individuals in foreign currencies	4,135,043	1,720,143
Funds received from international organisations in VND	733,044	961,899
Funds received from international organisations in foreign currencies	3,602,230	3,624,971
	32,729,590	33,760,361

24. VALUABLE PAPERS

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

24. VALUABLE PAPERS (Continued)

Details of valuable papers by term:

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

25. OTHER LIABILITIES

	<u>31/12/2014</u> million VND	<u>31/12/2013</u> million VND
Interest and fees payable	5,689,492	4,288,543
Internal payables	2,693,649	3,215,002
External payables	26,506,833	19,548,799
Provisions for off-balance sheet commitments	-	405,988
	<u>34,889,974</u>	<u>27,458,332</u>

25.1 Details of internal payables

	<u>31/12/2014</u> million VND	<u>31/12/2013</u> million VND
Payables to employees	1,503,125	1,863,590
Payables relating to bonus and welfare funds	1,114,953	1,281,743
Others	75,571	69,669
	<u>2,693,649</u>	<u>3,215,002</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

25. OTHER LIABILITIES (Continued)

25.2 Details of external payables

	31/12/2014	31/12/2013
	million VND	million VND
Payments/receipts on behalf of other organisations	24,682,552	17,585,562
Amount due to customers and deferred payment	315,624	161,199
Corporate income tax payables	132,791	168,203
Other pending payments	598,326	868,631
Other tax payables	224,620	67,909
Payables for insurance of deposits	82,539	70,177
Payables to the SBV from recovery of written-off bad debts	75,614	60,004
Payables relating to trade finance activities	10,085	6,021
Money transfer payables	137,512	67,660
Payable to building constructors	107,063	-
Other payables	140,107	493,433
	26,506,833	19,548,799

25.3 Movement of provision balance for off-balance sheet commitments

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

25. OTHER LIABILITIES (Continued)

25.3 Movement of provision balance for off-balance sheet commitments (Continued)

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

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

26. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	Opening balance	Movement in 2014		Closing balance
	million VND	Payables	Paid	million VND
		million VND	million VND	
Value added tax	(89,173)	363,312	111,899	162,240
Corporate income tax	168,203	1,507,507	1,542,919	132,791
Other taxes	53,470	342,643	333,759	62,354
	132,500	2,213,462	1,988,577	357,385

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

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27. CAPITAL AND RESERVES

The movement of major items in owners' equity:

	Charter capital million VND	Share premium million VND	Financial reserve fund million VND	Capital supplementary reserve million VND	Retained earnings million VND	Total million VND
As at 01/01/2014	37,234,046	8,969,827	2,232,931	1,019,635	3,837,757	53,294,196
Profit for the year	-	-	-	-	5,653,992	5,653,992
Appropriation to reserves in the year	-	-	565,420	282,700	(1,848,120)	(1,000,000)
Dividend payment of 2013	-	-	-	-	(3,723,405)	(3,723,405)
Other decreases	-	-	(35)	-	(64,931)	(64,966)
As at 31/12/2014	37,234,046	8,969,827	2,798,316	1,302,335	3,855,293	54,159,817

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

27. CAPITAL AND RESERVES (Continued)

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

	31/12/2014		31/12/2013	
	Total shares (units)	Ordinary shares (million VND)	Total shares (units)	Ordinary shares (million VND)
Capital of the Government	2,400,204,956	24,002,050	2,400,204,956	24,002,050
Contributed capital (shareholders, members)	1,323,199,600	13,231,996	1,323,199,600	13,231,996
Share premium	non-applicable	8,969,827	non-applicable	8,969,827
	3,723,404,556	46,203,873	3,723,404,556	46,203,873

Details of the Bank's shares are as follows:

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

28. INTEREST AND SIMILAR INCOME

	2014 million VND	2013 million VND
Interest from deposits	2,104,314	893,146
Interest from loans to customers	29,862,196	34,504,101
Interest from debt securities	8,669,433	8,543,319
Other income from credit activities	133,185	2,948
	40,769,128	43,943,514

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

29. INTEREST AND SIMILAR EXPENSES

	2014	2013
	million VND	million VND
Interest expense on deposits	20,693,726	20,362,276
Interest expense on borrowings	2,222,551	3,683,911
Interest expense on valuable papers issued	618,525	2,037,250
Expenses on other credit activities	14,840	2,437
	23,549,642	26,085,874

30. NET GAIN FROM SERVICES

	2014	2013
	million VND	million VND
Income from services	2,010,128	1,882,371
- Income from remittance services	1,125,340	1,024,390
- Income from treasury and guarantee services	286,358	315,523
- Income from trust and agency services	29,523	18,026
- Others	568,907	524,432
Expense on services	730,909	550,724
- Expense on remittance services	105,503	87,409
- Expense on trust and agency services	2,779	3,490
- Expense on treasury services	159,105	139,919
- Others	463,522	319,906
Net gain from services	1,279,219	1,331,647

31. NET GAIN FROM TRADING FOREIGN CURRENCIES

	2014	2013
	million VND	million VND
Income from trading foreign currencies	2,119,284	1,309,259
- Income from trading foreign currencies	1,615,259	734,243
- Income from trading gold	768	870
- Income from trading derivative financial instruments	503,257	574,146
Expenses for trading foreign currencies	1,734,427	1,038,743
- Expenses from trading foreign currencies	403,841	474,134
- Expense from trading gold	148	384
- Expenses from trading derivative financial instruments	1,330,438	564,225
Net gain from trading foreign currencies	384,857	270,516

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

32. NET GAIN FROM TRADING SECURITIES HELD FOR TRADING

	2014	2013
	million VND	million VND
Income from trading securities	191,627	5,732
Net gain from trading securities	191,627	5,732

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

	2014	2013 (*)
	million VND	million VND
Income from trading investment securities	-	117,363
Expense for trading investment securities	(10,958)	(2)
Provision (charged) for impairment of investment securities	(109,930)	(58,218)
Net (loss)/gain from trading investment securities	(120,888)	59,143

(*) Some items are reclassified for comparison purpose.

34. NET PROFIT FROM OTHER ACTIVITIES

	2014	2013 (*)
	million VND	million VND
Other operating expenses	3,687,354	1,881,552
Income from recovery of bad debts	1,181,755	1,241,774
Income from disposals of assets (**)	2,108,080	5,999
Income from other derivatives	174,943	136,280
Other income	222,576	497,499
Expenses on other activities	2,330,066	888,646
Expense from other derivatives	192,586	154,897
Expense from disposals of assets (**)	1,143,759	6,523
Other expenses	993,721	727,226
Net gain from other activities	1,357,288	992,906

(*) Some items are reclassified for comparison purpose.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

35. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS

	2014	2013
	million VND	million VND
Dividends income from capital contributions and shares purchases for the year	304,125	484,608
- from investment equity securities	600	2,075
- from long-term investments	303,525	482,533
	304,125	484,608

36. OPERATING EXPENSES

	2014	2013 (*)
	million VND	million VND
Taxes, fees and charges	42,288	43,742
Staff cost		
- Salaries and allowances	4,378,427	4,407,423
- Salary-based expenses	267,459	213,325
- Other benefits	47,867	90,776
- Other expenses	227,358	188,051
Expenses for fixed assets		
- Depreciation and amortisation expenses	981,665	877,267
- Others	988,871	859,909
Expenses for operating management		
- Per diem	145,163	135,331
- Expenses for union activities	17,814	22,895
- Others	2,174,699	2,051,278
Insurance premium for customers' deposits	312,672	271,150
Other provision expenses	4,863	29,584
	9,589,146	9,190,731

(*) Some items are reclassified for comparison purpose.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

37. CORPORATE INCOME TAX EXPENSES

	<u>2014</u>	<u>2013</u>
	million VND	million VND
Profit before corporate income tax	7,166,485	7,730,907
<i>Adjustments for:</i>		
- Non-taxable dividend income and profits received	(304,125)	(484,608)
- Provision (reversed)/charged for debt securities	(104,623)	59,803
- Others	59,386	110,094
Taxable profit	<u>6,817,123</u>	<u>7,416,196</u>
Corporate income tax rate	22%	25%
Current corporate income tax expenses based on the domestics income	<u>1,499,767</u>	<u>1,854,049</u>
Current corporate income tax expenses based on the overseas income	12,726	5,899
Total corporate income tax expenses	<u>1,512,493</u>	<u>1,859,948</u>

38. CASH AND CASH EQUIVALENTS

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

	<u>31/12/2014</u>	<u>31/12/2013</u>
	million VND	million VND
Cash, gold and gemstones (*)	4,598,290	2,829,149
Balances with the State Bank of Vietnam (*)	9,876,030	10,158,657
Current deposits at other credit institutions (*)	12,906,412	12,576,472
Deposits at other credit institutions with terms of not exceeding 3 months	53,628,070	45,866,665
Securities with term of not exceeding 3 months from the date of purchase	6,000,000	2,678,453
	<u>87,008,802</u>	<u>74,109,396</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 6, Note 7 and Note 8.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

39. EMPLOYEES' REMUNERATIONS

	2014	2013
I. Total number of employees (person) (*)	19,059	19,183
II. Employees' income (million VND)		
1. Total salary fund	4,378,427	4,407,423
2. Bonus	-	-
3. Other allowances	135,210	132,002
4. Total income (1+2+3)	4,513,637	4,539,425
5. Average monthly salary (**)	19.28	19.37
6. Average monthly income (**)	19.88	19.95

(*) Figures as at 31 December.

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

40. COLLATERALS AND MORTGAGES

40.1 Type and value of collaterals and mortgages

	Carrying value at balance sheet date (million VND)	
	31/12/2014	31/12/2013
Real estate	479,034,313	398,385,936
Movable assets	29,513,639	27,882,136
Valuable papers	64,205,314	42,689,836
Other assets	266,837,457	196,342,350
	839,590,723	665,300,258

40.2 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 owner of the collaterals

As at 31 December 2014, 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 owner of the collaterals.

41. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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41. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

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 31 December 2014:

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

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

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42. RISK-FREE TRUST AND AGENCY ACTIVITIES

	31/12/2014	31/12/2013
	million VND	million VND
Trusted fund from organisations	6,002,679	6,005,694
	6,002,679	6,005,694

43. RELATED PARTY TRANSACTIONS AND BALANCES

Significant transactions with related parties for the year ended 31 December 2014 are as follows:

Related party	Relationship	Transactions	2014
			million VND
The State Bank of Vietnam	Direct owner	Decrease in deposits	(282,627)
The State Bank of Vietnam	Direct owner	Increase in borrowings	4,583,903

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

Related party	Relationship	Transactions	Receivables	Payables
			million VND	million VND
The State Bank of Vietnam	Direct owner	Demand deposits and compulsory reserves	9,876,030	-
The State Bank of Vietnam	Direct owner	Borrowings	-	4,731,118
Vietinbank Leasing Company Ltd.	Subsidiary	Deposits and loans	401,230	171
Vietinbank Securities Joint Stock	Subsidiary	Deposits	-	252,779
Vietinbank Debt Management and Asset Exploitation Company Ltd.	Subsidiary	Deposits	-	57,246
Vietinbank Insurance Company Ltd.	Subsidiary	Deposits and margin deposits	-	90,988
Vietinbank Fund Management Company Ltd.	Subsidiary	Deposits	-	151,113
Vietinbank Gold and Jewelry Trading Company Ltd.	Subsidiary	Deposits	-	232,962
Vietinbank Global Money Transfer Company Ltd.	Subsidiary	Deposits	-	61,263
Indovina Bank Ltd.	Joint venture	Deposits and loans	-	3,374,661
Vietinbank Aviva Life Insurance Company Ltd.	Joint venture	Deposits	-	120,922

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

As at 31 December 2014:

	Total loan balance	Total placements (assets)	Total deposits (liabilities)	Credit commitments	Derivatives (Total transaction value in contracts)	Trading and investment securities (Difference between debit - credit)
	million VND	million VND	million VND	million VND	million VND	million VND
Domestic	444,938,621	75,875,825	465,276,533	54,029,859	415,778	96,268,949
Overseas	1,998,835	1,097,591	1,005,220	93,097	-	-
	446,937,456	76,973,416	466,281,753	54,122,956	415,778	96,268,949

45. FINANCIAL INSTRUMENTS

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

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

Financial assets

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

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

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

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

- A financial asset is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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45. FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

- ✓ It is a derivative (except for the derivative that is a financial guarantee contract or effective hedging instrument).

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

- *Held-to-maturity investments:*

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

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

- *Loans and receivables:*

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

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

- *Available-for-sale financial assets:*

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

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

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45. FINANCIAL INSTRUMENTS (Continued)

Financial liabilities

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

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

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

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

Offsetting financial assets and financial liabilities

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

The risk management policy related to financial instruments

Under the guidance of the State Bank on enhancing the role of risk management in credit institutions, the Bank continues implementing risk management policies for its entire business.

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45. FINANCIAL INSTRUMENTS (Continued)

The risk management policy related to financial instruments (Continued)

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

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

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

To manage risk related to financial instruments, the Bank has issued regulations, procedures, detailed guidance and internal indicators and limitation to control risk as well as to ensure compliance with regulations of the State Bank of Vietnam and meet requirements on risk management in accordance with Basel II. Accordingly, risks related to financial instruments are strictly managed as follows:

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

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

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

The policies on currency risk, interest rate risk, credit risk and liquidity risk are analysed in details in Notes 46, 47, 48, and 49.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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45. FINANCIAL INSTRUMENTS (Continued)

Determination of fair value of financial instruments

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

The Bank's financial instruments are detailed as follows:

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45. FINANCIAL INSTRUMENTS (Continued)

	Carrying value (Excluding provision)		Fair value	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	million VND	million VND (**)	million VND	million VND (**)
Financial assets				
Cash on hand, gold and gemstones	4,598,290	2,829,149	4,598,290	2,829,149
Balances with the State Bank of Vietnam	9,876,030	10,158,657	9,876,030	10,158,657
Placements with and loans to other credit institutions	75,770,178	73,351,528	(*)	(*)
Trading securities - Debt securities	3,595,310	633,425	(*)	(*)
Derivative financial instruments and other financial assets	-	164,334	(*)	(*)
Loans to customers	438,264,664	374,856,699	(*)	(*)
Investment securities - Equity securities with market price reference	44,023	44,023	25,132	16,222
Investment securities - Debt securities	92,629,616	81,898,299	(*)	(*)
Other long-term investments	440,136	440,136	(*)	(*)
Other receivables	1,527,969	530,120	(*)	(*)
Interest and fee receivables	12,619,762	9,933,252	(*)	(*)
Other assets	123,935	123,935	(*)	(*)
	639,489,913	554,963,557		
Financial liabilities				
Borrowings from the Government and the SBV	4,731,403	147,371	(*)	(*)
Deposits and borrowings from other credit institutions	103,770,035	80,465,180	(*)	(*)
Deposits from customers	424,241,062	364,575,676	(*)	(*)
Derivatives and other financial liabilities	415,778	-	(*)	(*)
Grants, trusted funds and borrowings at risk of the credit institution	32,729,590	33,760,361	(*)	(*)
Valuable papers issued	5,294,073	16,564,766	(*)	(*)
Accrued fee and interest expenses	5,689,492	4,288,543	(*)	(*)
Other payables and liabilities	26,027,519	19,648,498	(*)	(*)
	602,898,952	519,450,395		

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

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

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45. FINANCIAL INSTRUMENTS (Continued)

Classification of financial assets as at 31 December 2014:

	Financial assets			
	Held-for-trading	Held-to-maturity	Loans and receivables	Available-for-sale
	million VND	million VND	million VND	million VND
Cash on hand, gold and gemstones	4,598,290	-	-	-
Balances with the State Bank of Vietnam	9,876,030	-	-	-
Placements with and loans to other credit institutions	-	-	75,770,178	-
Trading securities	3,595,310	-	-	-
Loans to customers	-	-	438,264,664	-
Investment securities	-	6,708,858	-	85,964,781
Long-term investments	-	-	-	440,136
Other receivables	-	-	1,527,969	-
Interest and fee receivables	-	-	12,619,762	-
Other assets	-	-	123,935	-
	18,069,630	6,708,858	528,306,508	86,404,917
				639,489,913

Classification of financial liabilities as at 31 December 2014

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

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46. CURRENCY RISK

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

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

The Bank is exposed to the following risks:

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

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

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

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

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

For investment activities:

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

For foreign currency trading activities:

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

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46. CURRENCY RISK (Continued)

Carrying amounts of assets and liabilities by currencies as at 31 December 2014 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	122,900	473,850	3,987,569	13,971	4,598,290
Balances with the State Bank of Vietnam	-	2,519,085	7,356,945	-	9,876,030
Placements with and loans to other credit institutions (*)	572,327	19,193,246	55,739,642	264,963	75,770,178
Trading securities (*)	-	-	3,595,310	-	3,595,310
Loans to customers (*)	1,198,752	79,956,243	357,080,949	28,720	438,264,664
Investment securities (*)	-	-	92,673,639	-	92,673,639
Long-term investments (*)	-	1,688,788	4,157,368	-	5,846,156
Fixed assets	-	-	8,767,080	-	8,767,080
Other assets	751,158	2,143,606	22,950,332	5,938	25,851,034
Total assets	2,645,137	105,974,818	556,308,834	313,592	665,242,381
Liabilities and owners' equity					
Borrowings from the Government and the SBV	-	15,129	4,716,274	-	4,731,403
Deposits and borrowings from other credit institutions	507,155	56,883,775	46,379,105	-	103,770,035
Deposits from customers	8,893,927	29,286,331	385,934,844	125,960	424,241,062
Derivative financial instruments and other financial liabilities	-	415,778	-	-	415,778
Grants, trusted funds and borrowings at risk of the credit institution	227,140	7,508,141	24,994,309	-	32,729,590
Valuable papers issued	-	5,289,643	4,430	-	5,294,073
Other liabilities	95,365	1,764,399	33,029,673	537	34,889,974
Capital and reserves	-	-	54,159,817	-	54,159,817
Total liabilities and owners' equity	9,723,587	101,163,196	549,218,452	126,497	660,231,732
Balance sheet currency position	(7,078,450)	4,811,622	7,090,382	187,095	5,010,649

(*) Excluding risk provision.

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47. INTEREST RATE RISK

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

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

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

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

The Bank's interest rate risk policies

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

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

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

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47. INTEREST RATE RISK (Continued)

The Bank's interest rate risk policies (Continued)

For lending activities: The Bank determines lending interest rate based on the funding cost, management expenses, risk considerations, collateral value and market interest rate to ensure competitiveness as well as the efficiency. The Head Office regulates the lending interest rate floor for each period; branches can themselves decide lending interest rates for each period based on credit risk analysis and assessment provided that the rates are not less than the regulated floor rate and annual budgeted profit is assured. Besides, due to the fact that capital structure focuses on the funds with short interest rate re-pricing term, the Bank requires that all loans must be at the floating interest rate, adjusted every one to three months.

Interest rate risk management

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

Interest rate risk management at portfolio level

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

Interest Rate Management at transaction level

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

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

Interest rate sensitivity

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

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47. INTEREST RATE RISK (Continued)

	Non - interest bearing million VND	Overdue		Current					Total million VND
		Over 3 months	Within 3 months	Within 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	
		VND million	VND million	VND million	VND million	VND million	VND million	VND million	
Assets									
Cash, gold and gemstones	4,598,290	-	-	-	-	-	-	-	4,598,290
Balances with the State Bank of Vietnam	-	-	-	9,876,030	-	-	-	-	9,876,030
Placements with and loans to other credit institutions (*)	-	-	-	50,993,330	17,578,681	5,303,913	1,894,254	-	75,770,178
Trading securities (*)	-	-	-	3,595,310	-	-	-	-	3,595,310
Loans to customers (*)	-	4,874,643	3,609,460	294,313,728	88,534,796	42,978,056	2,019,969	1,934,012	438,264,664
Investment securities (*)	44,023	-	-	15,710,496	463,368	6,023,787	8,340,627	59,311,129	92,673,639
Long-term investments (*)	5,846,156	-	-	-	-	-	-	-	5,846,156
Fixed assets	8,767,080	-	-	-	-	-	-	-	8,767,080
Other assets	25,851,034	-	-	-	-	-	-	-	25,851,034
Total assets	45,106,583	4,874,643	3,609,460	374,488,894	106,576,845	54,305,756	12,254,850	61,245,141	665,242,381
Liabilities									
Borrowings from the Government and the SBV	-	-	-	3,499,384	-	-	-	-	4,731,403
Deposits and borrowings from other credit institutions	-	-	-	57,799,910	27,499,059	12,971,254	2,905,561	2,594,251	103,770,035
Deposits from customers	-	-	-	237,574,994	87,538,636	31,818,080	22,764,040	44,545,312	424,241,062
Derivative financial instruments and other financial liabilities	415,778	-	-	-	-	-	-	-	415,778
Grants, trusted funds and borrowings at risk of the credit institution	-	-	-	6,873,214	12,764,540	6,873,214	3,272,959	2,945,663	32,729,590
Valuable papers issued	-	-	-	10,588	60,882	6,353	9,529	5,206,721	5,294,073
Other liabilities	34,889,974	-	-	-	-	-	-	-	34,889,974
Total liabilities	35,305,752	-	-	305,758,090	127,863,117	51,668,901	28,952,089	55,291,947	606,071,915
Balance sheet net interest gap	9,800,831	4,874,643	3,609,460	68,730,804	(21,286,272)	2,636,855	(16,697,239)	5,953,194	59,170,466

(*) Excluding risk provision.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

48. CREDIT RISK

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

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

Financial assets overdue but not impaired

The Bank's overdue financial assets that are not impaired include overdue loans with no provision required under Vietnamese Accounting Standards, Accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. The aging of such financial assets as at 31 December 2014 is presented below:

	Overdue			
	Within 90 days	91-180 days	181-360 days	Over 360 days
	million VND	million VND	million VND	million VND
Loans to customers	16,340	7,965	20,199	911,780

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

49. LIQUIDITY RISK

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

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

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

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

49. LIQUIDITY RISK (Continued)

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

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

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

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

The data in the Liquidity Risk Report as at 31 December 2014 shows that the Bank's funds are fairly plentiful with terms ranging from 01 to 12 months, the longer-term funds are quite limited. This is a common situation of commercial banks in Vietnam. In fact, the Bank still maintains an appropriate rate of short-term funds utilisation for medium and long-term loans within the limit set by the State Bank.

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

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

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

Separate financial statements
For the year ended 31 December 2014

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

49. LIQUIDITY RISK (Continued)

	Overdue		Current					Total
	Over 3	Within 3	Within 1	From 1 to 3	From 3 to 12	From 1 to 5	Over 5 years	
	months	months	month	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	-	-	4,598,290	-	-	-	-	4,598,290
Balances with the State Bank of Vietnam	-	-	9,876,030	-	-	-	-	9,876,030
Placements with and loans to other credit institutions (*)	-	-	50,766,020	17,427,141	7,577,017	-	-	75,770,178
Trading securities (*)	-	-	3,595,310	-	-	-	-	3,595,310
Loans to customers (*)	4,874,643	3,609,460	47,275,862	133,231,974	171,912,224	64,467,084	12,893,417	438,264,664
Investment securities (*)	-	-	15,754,519	463,368	14,364,414	59,311,129	2,780,209	92,673,639
Long-term investments (*)	-	-	-	-	-	-	5,846,156	5,846,156
Fixed assets	-	-	-	-	-	-	8,767,080	8,767,080
Other assets	-	-	-	-	-	-	25,851,034	25,851,034
Total assets	4,874,643	3,609,460	131,866,031	151,122,483	193,853,655	123,778,213	56,137,896	665,242,381
Liabilities								
Borrowings from the Government and the SBV	-	-	3,499,384	-	-	-	1,232,019	4,731,403
Deposits and borrowings from other credit institutions	-	-	51,885,018	31,131,010	15,565,505	5,188,502	-	103,770,035
Deposits from customers	-	-	116,666,292	101,817,855	161,211,604	44,545,311	-	424,241,062
Derivative financial instruments and other financial liabilities	-	-	415,778	-	-	-	-	415,778
Grants, trusted funds and borrowings at risk of the credit institution	-	-	6,545,918	13,091,836	10,146,173	2,945,663	-	32,729,590
Valuable papers issued	-	-	10,588	60,882	15,882	5,206,721	-	5,294,073
Other liabilities	-	-	4,347,291	7,971,456	17,362,482	5,208,745	-	34,889,974
Total liabilities	-	-	183,370,269	154,073,039	204,301,646	63,094,942	1,232,019	606,071,915
Net liquidity difference	4,874,643	3,609,460	(51,504,238)	(2,950,556)	(10,447,991)	60,683,271	54,905,877	59,170,466

(*) Excluding risk provision.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

50. CAPITAL AND OPERATING LEASE COMMITMENTS

	<u>31/12/2014</u>	<u>31/12/2013</u>
	million VND	million VND
Capital commitments: office construction, and equipment acquisition	462,840	766,245
Irrevocable operating lease commitments	<u>773,432</u>	<u>439,973</u>
Of which:		
- Within 1 year	168,339	84,097
- From 2 years to 5 years	355,434	235,640
- Over 5 years	249,659	120,236

51. CONTINGENT LIABILITIES

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

52. SUBSEQUENT EVENTS

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

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

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

54. COMPARATIVE FIGURES

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

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

Balance sheet items	Separate financial statements for the year ended 31 December 2013 million VND	Difference million VND	Reclassified separate financial statement for the year ended 31 December 2014 million VND
Available-for-sale investment securities	79,474,602	(119,028)	79,355,574
Other long-term investments	321,108	119,028	440,136
Provisions for impairment of investment securities	(198,425)	66,000	(132,425)
Provisions for impairment of long-term investments	(3,408)	(66,000)	(69,408)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD

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

54. COMPARATIVE FIGURES (Continued)

Income Statement items	Separate financial statements for year ended 31 December 2013	Difference	Reclassified separate financial statement for the year ended 31 December 2014
	million VND		million VND
Net (loss)/gain from investment securities	32,143	27,000	59,143
Other operating expenses	(354,827)	(533,819)	(888,646)
Operating expenses	(9,697,550)	506,819	(9,190,731)

Preparer *th*

Approver

Approver



Le Nhu Hoa
Head of Financial Accounting
Management Department

20 March 2015



Nguyen Hai Hung
Chief Accountant



Nguyen Van Du
Deputy General Director
