



**Ho Chi Minh City Development
Joint Stock Commercial Bank**

Consolidated Financial Statements
for the year ended 31 December 2016



Ho Chi Minh City Development Joint Stock Commercial Bank Bank Information

Establishment and Operation Banking Licence No.

00019/NH-GP

6 June 1992

The Establishment and Operation Banking Licence was issued by the State Bank of Vietnam and is valid for 50 years from the licence date.

Business Registration Certificate No.

0300608092

11 August 1992

The Business Registration Certificate has been amended several times, the most recent of which is dated 2 October 2015. The Business Registration Certificate was issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Management

Ms. Le Thi Bang Tam	Chairman
Ms. Nguyen Thi Phuong Thao	Permanent Vice Chairman
Mr. Luu Duc Khanh	Vice Chairman
Mr. Diep Dung	Vice Chairman (until 30 January 2016)
Mr. Luu Van Son	Member
Mr. Nguyen Huu Dang	Member
Mr. Chu Viet Cuong	Member
Ms. Nguyen Thi Tam	Independent Member
Mr. Lim Peng Khoon	Independent Member

Board of Supervisors

Mr. Dao Duy Tuong	Head of Board of Supervisors
Ms. Nguyen Thi Phung	Member
Ms. Nguyen Thi Tich	Member

Board of Directors, Chief Financial Officer and Chief Accountant

Mr. Nguyen Huu Dang	General Director
Ms. Nguyen Doan Duy Ai	Vice General Director
Mr. Pham Quoc Thanh	Vice General Director
Mr. Nguyen Minh Duc	Vice General Director
Mr. Le Thanh Tung	Vice General Director
Mr. Pham Thien Long	Vice General Director
Mr. Le Thanh Trung	Vice General Director
Mr. Tran Hoai Nam	Vice General Director
Mr. Le Xuan Vu	Vice General Director (until 31 August 2016)
Mr. Tran Thai Hoa	Vice General Director
Mr. Pham Van Dau	Chief Financial Officer
Ms. Ho Dang Hoang Quyen	Chief Accountant

**Ho Chi Minh City Development Joint Stock Commercial Bank
Bank Information (continued)**

Registered Office

HD Tower
25 Bis Nguyen Thi Minh Khai Street
District 1, Ho Chi Minh City
Vietnam

Auditor

KPMG Limited
Vietnam

Ho Chi Minh City Development Joint Stock Commercial Bank Statement of the Board of Directors

The Board of Directors of Ho Chi Minh City Development Joint Stock Commercial Bank (“the Bank”) presents this statement and the accompanying consolidated financial statements of the Bank and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2016.

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the consolidated financial statements set out on pages 6 to 99 give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of the results of operations and the cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons for the Board of Directors to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.



On behalf of the Board of Directors

Nguyen Huu Dang
General Director

Ho Chi Minh City, 31 March 2017



KPMG Limited Branch
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115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders

Ho Chi Minh City Development Joint Stock Commercial Bank

We have audited the accompanying consolidated financial statements of Ho Chi Minh City Development Joint Stock Commercial Bank ("the Bank") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2016, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Directors on 31 March 2017, as set out on pages 6 to 99.

The Board of Directors's Responsibility

The Bank's Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Bank's Board of Directors, as well as evaluating the overall presentation of the financial statements.

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



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Ho Chi Minh City Development Joint Stock Commercial Bank and its subsidiaries as at 31 December 2016 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

Other Matter

The consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2015 were audited by another firm of auditors whose report dated 29 April 2016 expressed an unqualified opinion on those statements.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam
Audit Report No.: 16-01-160/1




Tran Dinh Vinh
Practicing Auditor Registration
Certificate No. 0339-2013-007-1
Deputy General Director



Pham Huy Cuong
Practicing Auditor Registration
Certificate No. 2675-2014-007-1

Ho Chi Minh City, 31 March 2017

	Note	31/12/2016 VND million	31/12/2015 VND million
A ASSETS			
I Cash on hand, gold	4	1,636,010	1,472,407
II Balances with the State Bank of Vietnam	5	2,389,302	2,742,385
III Deposits with and loans to other credit institutions	6	18,580,047	11,994,220
1 Deposits with other credit institutions		15,971,314	6,779,815
2 Loans to other credit institutions		2,608,733	5,318,025
3 Allowance for losses		-	(103,620)
IV Held-for-trading securities	7	396,937	916,034
1 Held-for-trading securities		400,000	922,956
2 Allowance for losses on held-for-trading securities		(3,063)	(6,922)
V Derivatives and other financial assets	8	-	39,044
VI Loans and advances to customers		81,303,975	55,853,240
1 Loans and advances to customers	9	82,224,372	56,558,835
2 Allowance for losses on loans and advances to customers	10	(920,397)	(705,595)
VII Purchased debts	11	5,489	5,489
1 Purchased debts		8,690	8,690
2 Allowance for losses on purchased debts		(3,201)	(3,201)
VIII Investment securities	12	34,261,091	21,197,715
1 Available-for-sale securities		24,267,353	16,705,365
2 Held-to-maturity securities		11,020,813	5,011,604
3 Allowance for losses on investment securities		(1,027,075)	(519,254)
IX Capital contribution, long-term investments	13	384,406	419,118
4 Other long-term investments		495,945	530,192
5 Allowance for diminution in the value of long-term investments		(111,539)	(111,074)
X Fixed assets		1,351,960	805,214
1 Tangible fixed assets	14	524,984	518,828
a Cost		1,003,485	911,585
b Accumulated depreciation		(478,501)	(392,757)
3 Intangible fixed assets	15	826,976	286,386
a Cost		987,948	423,978
b Accumulated amortisation		(160,972)	(137,592)
XI Investment properties	16	88,381	64,838
a Cost		88,765	64,984
b Accumulated depreciation		(384)	(146)
XII Other assets	17	9,896,674	10,976,231
1 Receivables		5,290,387	7,651,409
2 Accrued interest and fees receivable		3,113,887	1,916,536
3 Deferred tax assets		17,311	23,636
4 Other assets		1,510,547	1,423,639
Of which: Goodwill	18	39,377	45,140
5 Allowance for losses on other assets		(35,458)	(38,989)
TOTAL ASSETS		150,294,272	106,485,935

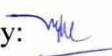
The accompanying notes are an integral part of these consolidated financial statements

	Note	31/12/2016 VND million	31/12/2015 VND million
B			
LIABILITIES AND EQUITY			
LIABILITIES			
I			
Borrowings from the Government and the State Bank of Vietnam	19	177,635	2,488,321
II			
Deposits and borrowings from other credit institutions	20	19,684,665	6,594,931
1 Deposits from other credit institutions		13,621,415	3,031,471
2 Borrowings from other credit institutions		6,063,250	3,563,460
III			
Deposits from customers	21	103,299,771	74,542,719
IV			
Derivatives and other financial liabilities	8	9,326	-
V			
Funds, entrusted investments receipts, borrowings at risk of credit institution	22	2,843,432	2,822,563
VI			
Valuable papers issued	23	11,027,014	7,847,000
VII			
Other liabilities		3,309,786	2,348,722
1 Accrued interest and fees payable		2,463,250	1,744,418
3 Other liabilities	24	846,536	604,304
TOTAL LIABILITIES		140,351,629	96,644,256
EQUITY			
VIII			
Owners' equity	26	9,317,013	9,392,415
1 Capital		8,104,686	8,104,686
a Charter capital		8,100,000	8,100,000
b Capital for construction, purchases of fixed assets		89	89
c Share premium		4,599	4,599
d Treasury shares		(2)	(2)
2 Reserves		465,280	378,601
5 Retained profits		747,047	909,128
IX			
Non-controlling interest		625,630	449,264
TOTAL EQUITY		9,942,643	9,841,679
TOTAL LIABILITIES AND EQUITY		150,294,272	106,485,935

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

			31/12/2016	31/12/2015
	Note		VND million	VND million
OFF-BALANCE SHEET ITEMS				
I CONTINGENT LIABILITY				
1		Lending guarantees	9,862	12,062
2		Commitments to foreign exchange transactions	35,669,948	7,716,776
		In which:		
		▪ Commitments on purchase of foreign currencies	2,942,536	1,590,000
		▪ Commitments on sale of foreign currencies	1,288,271	1,789,655
		▪ Commitments on currency swap transactions	31,439,141	4,337,121
4		Letters of credit commitments	1,046,968	1,184,843
5		Other guarantees	2,592,745	1,924,973

31 March 2017

Prepared by: 



Ho Dang Hoang Quyen
Chief Accountant

Reviewed by:



Pham Van Dau
Chief Financial Officer

Approved by:



Nguyen Huu Dang
General Director

	Note	2016 VND million	2015 VND million
1 Interest and similar income	27	11,321,302	7,922,478
2 Interest and similar expenses	27	(6,643,222)	(4,677,768)
I Net interest income	27	4,678,080	3,244,710
3 Fee and commission income	28	167,320	234,104
4 Fee and commission expenses	28	(49,096)	(45,997)
II Net fee and commission income	28	118,224	188,107
III Net gain from trading of foreign currencies and gold	29	209,284	25,761
IV Net gain/(loss) from trading of held-for-trading securities		82,503	(4,238)
V Net gain from trading of investment securities	30	151,159	48,787
5 Other income	31	195,119	78,663
6 Other expenses	31	(28,428)	(59,092)
VI Net other income	31	166,691	19,571
VII Income from capital contribution, share purchase	32	12,285	609,939
VIII Operating expenses	33	(3,276,988)	(2,409,584)
IX Operating profit before allowance expenses for credit losses		2,141,238	1,723,053
X Allowance expenses for credit losses	34	(993,605)	(934,619)
XI Profit before tax (carried forward to the next page)		1,147,633	788,434

	Note	2016 VND million	2015 VND million
XI Profit before tax (brought forward from the previous page)		1,147,633	788,434
7 Income tax expense – current	35	(226,810)	(160,328)
8 Income tax (expense)/benefit – deferred	35	(6,325)	2,005
XII Total income tax expense	35	(233,135)	(158,323)
XIII Profit after tax		914,498	630,111
XIV Non-controlling interest		176,366	117,074
XV Earnings per share (VND/share)	36	911	630

31 March 2017

Prepared by: 

Ho Dang Hoang Quyen
Chief Accountant

Reviewed by: 

Pham Van Dau
Chief Financial Officer

Approved by: 

Nguyen Huu Dang
General Director

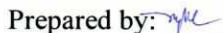


	2016 VND million	2015 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
01 Interest and similar income received	10,324,704	8,040,541
02 Interest and similar expenses paid	(5,924,390)	(4,160,384)
03 Net fees and commission income received	109,474	188,107
04 Net receipts from foreign currencies, gold and securities trading activities	669,155	113,220
05 Other income received	57,593	15,597
06 Collections of bad debts previously written-off	89,342	20,036
07 Salaries and operating expenses paid	(3,066,362)	(2,188,303)
08 Income tax paid during the year	(208,178)	(201,584)
Cash flows from operating activities before changes in operating assets and liabilities	2,051,338	1,827,230
Changes in operating assets		
09 Decrease in deposits with and loans to other credit institutions	2,243,570	2,533,014
10 (Increase)/decrease in investment securities	(13,048,241)	2,886,109
11 Decrease/(increase) in derivatives and other financial assets	39,044	(35,543)
12 Increase in loans and advances to customers	(25,665,537)	(15,187,260)
12 Decrease in purchased debts	-	136,683
13 Utilisation of allowances for losses	(604,220)	(327,385)
14 Decrease in operating assets	1,556,481	10,180
Changes in operating liabilities		
15 (Decrease)/increase in borrowings from the Government and the State Bank of Vietnam	(2,310,686)	2,304,126
16 Increase/(decrease) in deposits and borrowings from other credit institutions	13,089,734	(12,911,776)
17 Increase in deposits from customers	28,757,052	9,131,144
18 Increase in valuable papers issued	70,014	4,267,000
19 Increase in funds, entrusted investments receipts, borrowings at risk of credit institution	20,869	2,779,771
20 Increase in derivatives and other financial liabilities	9,326	-
21 Increase in other operating liabilities	179,898	245,202
22 Utilisation of reserves	(534)	(3,816)
I NET CASH FLOWS FROM OPERATING ACTIVITIES	6,388,108	(2,345,321)

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

	2016 VND million	2015 VND million
CASH FLOWS FROM INVESTING ACTIVITIES		
01	(272,208)	(432,025)
02	29,134	1,257
04	(12,769)	-
05	8,662	-
07	-	(27,700)
08	83,072	1,501,973
09	12,285	77,639
II	(151,824)	1,121,144
CASH FLOWS FROM FINANCING ACTIVITIES		
02	4,080,000	-
03	(970,000)	-
04	(809,987)	-
III	2,300,013	-
IV	8,536,297	(1,224,177)
V	14,069,062	15,293,239
VII	22,605,359	14,069,062

31 March 2017

Prepared by: 

Ho Dang Hoang Quyen
 Chief Accountant

Reviewed by: 

Pham Van Dau
 Chief Financial Officer



Approved by: 

Nguyen Huu Dang
 General Director

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

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

1. Reporting entity

(a) Establishment and principal activities

Ho Chi Minh City Development Joint Stock Commercial Bank (“the Bank”) is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam.

The Bank was established under the Establishment and Operation Banking Licence No. 00019/NH-GP issued by the State Bank of Vietnam (“the SBV”) on 6 June 1992 for a period of 50 years from the licence date.

The principal activities of the Bank are to carry out banking activities including mobilising and receiving short, medium and long-term deposits from organisations and individuals; granting short, medium and long-term loans to organisations and individuals based on the nature and capability of the Bank’s capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valuable papers; providing settlement services and other banking services as allowed by the SBV.

(b) Charter capital

As at 31 December 2016 and 2015, the Bank’s charter capital is VND8,100,000 million. The Bank has issued 810,000,000 ordinary shares with a par value of VND10,000 per share.

(c) Location and operational network

The Bank’s Head Office is located at HD Tower, 25 Bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam. As at 31 December 2016, the Bank had one (1) head office, one (1) representative office in the Northern area, fifty two (52) branches, one hundred and sixty seven (167) transaction offices nationwide (31/12/2015: one (1) head office, one (1) representative office in the Northern area, fifty one (51) branches, one hundred and sixty seven (167) transaction offices nationwide).

(d) Group structure

As at 31 December 2016 and 2015, the Bank had two (2) following subsidiaries:

Subsidiary	Operation licence	Nature of business	Percentage of equity owned and voting rights	
			31/12/2016	31/12/2015
Ho Chi Minh City Development Joint Stock Commercial Bank - Assets Management Company Limited (“HD AMC”)	No. 3602376446 dated 13 January 2015	Assets management	100%	100%
HD SAISON Finance Co., Ltd (“HD SAISON”) (*)	No. 0304990133 dated 10 April 2015	Finance banking	50%	50%

- (*) In accordance with the Official Letter No. 2006/NHNN-TTGSNH dated 31 March 2015 issued by the SBV, the Bank is responsible for managing HD SAISON as a subsidiary within three years from 15 May 2015 and in case the Bank no longer has right to nominate personnel as the General Director of HD SAISON, the Bank must immediately report to the SBV. As at 31 December 2016 and 2015, HD SAISON is a subsidiary of the Bank.

All of the subsidiaries are established in Vietnam.

(e) Number of employees

As at 31 December 2016, the Group had 11,102 employees (31/12/2015: 8,464 employees).

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV and the relevant statutory requirements applicable to financial reporting. These standards and statutory requirements may differ from some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards in other countries. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnamese accounting principles, procedures and practices applicable to credit institutions.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the direct method.

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December.

(d) Accounting and presentation currency

The Group's accounting currency is Vietnam Dong ("VND"). The consolidated financial statements are prepared and presented in VND rounded to the nearest million ("VND million").

(e) Form of records applied

The Group uses accounting software to record its transactions.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

A subsidiary is a company that falls into one of the following categories:

- The Bank or its affiliated persons holding more than 50% of charter capital or more than 50% of voting stock.
- The Bank has the right to directly or indirectly appoint a majority or all members, the Board of Directors, the Members' Council or the General Director (Director) of the subsidiary.
- The Bank has the right to amend and supplement the charter of the subsidiary.
- The Bank and its affiliated persons directly or indirectly control the adoption of the resolutions and decisions of the General Meeting of Shareholders, the Board of Management, the Members' Council of the subsidiary.

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the accounting policies of subsidiaries are different from those adopted by the Bank, adjustments have been made where necessary to ensure consistency of accounting policies for consolidated financial statement purpose.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the reporting date. Transactions in currencies other than VND during the year have been translated into VND at rates ruling on transaction dates.

Foreign exchange differences arising from monthly revaluation are recognised in the foreign exchange revaluation reserve on the consolidated balance sheet at each month-end and transferred to the consolidated statement of income at the year-end.

(c) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, gold, balances with the SBV, deposits with and loans to other credit institutions with original term to maturity less than three months.

(d) Deposits with and loans to other credit institutions

Deposits with other credit institutions excluding demand deposits are deposits with credit institutions with original term to maturity less than 3 months.

Loans to other credit institutions are the loans with original term to maturity of less than one year.

Deposits with other credit institutions excluding demand deposits are stated at the amount of outstanding principal less specific allowance for credit losses.

Credit risk classification of deposits with other credit institutions and allowance thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 issued by the SBV ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 issued by the SBV amending and supplementing certain articles of Circular 02 ("Circular 09"). Accordingly, the Group had made the specific allowance for credit losses on deposits with other credit institutions as the policies described in Note 3(g).

In accordance with Circular 02, the Group is not required to make general allowance for deposits with and loans to other credit institutions.

(e) Derivatives

Forward and swap currency contracts

The Group signs in currency forward contracts and currency swap contracts to facilitate customers to transfer, modify or minimise foreign exchange risk and also for the business purpose of the Group.

Forward currency contracts are commitments to pay in cash at a future date based on pre-determined exchange rates, calculated on the nominal principal amount. Forward currency contracts are recorded at their nominal value at the transaction date and revalued for the purpose of the financial statement preparation at rates prevailing at the balance sheet date and presented at net value on consolidated balance sheet. Differences arising from revaluation at the end of the period are recognised in the foreign exchange differences on the consolidated balance sheet at each month-end and transferred to the consolidated statement of income at the year-end; the difference between the VND amount of foreign currency committed at the forward rate and the spot rate is amortised to the consolidated statement of income on a straight-line basis over the valid period of these contracts.

Currency swaps contracts are commitments between two parties, including two spot transactions, or two forward transactions, or one spot and one forward transaction. The premium or discount of the spot exchange difference at the effective date of the contract and the forward rate will be recognised immediately at the effective date of the contract as an asset if positive or as a liability if negative on the consolidated balance sheet. The difference will be amortised on a straight-line basis over the term of the swap contract.

(f) Loans and advances to customers

Loans and advances to customers are stated at the amount of outstanding principal less allowance for credit losses. Allowance for credit losses on loans and advances to customers comprises specific allowance and general allowance.

Short-term loans are those with repayment term within one year from the loan disbursement date, medium-term loans are those with repayment term from one year to five years from the loan disbursement date and long-term loans are those with repayment term of more than five years from the loan disbursement date.

Loans and advances to customers are derecognised when the rights to receive cash flows from the loan contracts have been expired, or the Group has transferred substantially all risks and rewards of ownership associated with the loans to other parties.

For loans sold to Vietnam Asset Management Limited Company ("VAMC"), the Group derecognises from the balance sheet in accordance with the guidance in Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 issued by the SBV ("Official Letter 8499") and Official Letter No. 925/NHNN-TCKT dated 19 February 2014 issued by the SBV ("Official Letter 925").

Debt classification and allowance for credit losses are made in accordance with Circular 02 and Circular 09 as the policies described in Note 3(g).

(g) Debt classification and credit loss allowance level, allowance calculation method

(i) Debt classification

Debt classification for deposits with and loans to other credit institutions (except for demand deposits), unlisted corporate bonds, loans and advances to customers (together referred to as “debts”), the debts sold but not yet collected is made in accordance with the quantitative method as stipulated in Article 10 of Circular 02.

(ii) Specific allowance for credit losses

In accordance with the requirements of Circular 02 and Circular 09, the specific allowance for credit losses is calculated based on debt outstanding balance of each customer at the last working date of each quarter (except for Quarter 4, specific allowance is calculated based on the allowance rate corresponding with the debt classification of outstanding principals of debts at the last working day of November) less the deductible value of collaterals. The specific allowance applied to each loan group are as follows:

Group		Overdue status	Allowance rate
1	Current debts	(a) Current debts being assessed as fully and timely recoverable, both principal and interest; or (b) Debts being overdue for less than 10 days and being assessed as fully recoverable, both overdue principal and interest, and fully and timely recoverable, both remaining principal and interest.	0%
2	Special mention debts	(a) Debts being overdue between 10 days and 90 days; or (b) Debts having terms of repayment rescheduled for the first time.	5%
3	Sub-standard debts	(a) Debts being overdue between 91 days and 180 days; or (b) Debts having terms of repayment extended for the first time; or (c) Debts having exempt or reduced interest because customers are not able to pay the interest according to the credit contract; or (d) Debts falling in one of the following cases not yet collected within 30 days since the issuance date of recovery decision: <ul style="list-style-type: none"> ▪ Loans violating regulations at Clauses 1, 3, 4, 5, 6 of Article 126 of Laws on credit institutions; or ▪ Loans violating regulations at Clauses 1, 2, 3, 4 of Article 127 of Laws on credit institutions; or ▪ Loans violating regulations at Clauses 1, 2, 5 of Article 128 of Laws on credit institutions. (e) Debts in the collection process under inspection conclusions.	20%
4	Doubtful debts	(a) Debts being overdue between 181 days and 360 days; or (b) Debts having terms of repayment rescheduled for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or (c) Debts having terms of repayment rescheduled for the second time; or (d) Debts specified in point (d) of Sub-standard debts being overdue	50%

Group		Overdue status	Allowance rate
		between 30 days and 60 days after the decisions of recovery have been issued; or (e) Debts in the collection process under inspection conclusions but being overdue up to 60 days according to recovery term.	
5	Loss debts	(a) Debts being overdue more than 360 days; or (b) Debts having terms of repayment rescheduled for the first time and being overdue more than 90 days according to the first rescheduled terms of repayment; or (c) Debts having terms of repayment rescheduled for the second time and being overdue according to the second rescheduled terms of repayment; or (d) Debts having terms of repayment rescheduled for the third time or more, regardless of whether the debts are overdue or not; or (e) Debts specified in point (d) of Sub-standard debts being overdue more than 60 days after the decisions of recovery have been issued; or (f) Debts in the collection process under inspection conclusions but being overdue for more than 60 days according to recovery term; or (g) Debts to credit institutions being announced under special control status by the SBV, or to foreign bank branches of which capital and assets are blockaded.	100%

For payments on behalf of off-balance sheet commitments, the Group classified based on number of overdue days from the date the Group committed its obligations:

- Group 3 – Sub-standard debts: if overdue less than 30 days;
- Group 4 – Doubtful debts: if overdue from 30 days to less than 90 days;
- Group 5 – Loss debts: if overdue 90 days or more.

Where a customer owes more than one debt to the Group, and has any of its debts transferred to a higher risk group of debts, the Group is obliged to classify the remaining debts of such customer into the group of debts with higher risk corresponding with their level of risk.

Where the Group participates in a syndicated loan not as the lead bank, the Group reclassifies all debts (including the outstanding syndicated loan) of the customer into a higher risk group of debt as decided by the lead bank, participating banks and by the Group.

The Group is also required to use the results of debt classification as provided by the Credit Information Center (“CIC”) at the date of classification to adjust the results of its internal classification of debts. Where debts and off-balance sheet commitments of one customer is classified by the Group into a group of debts with lower risk as compared to those provided by CIC, the Group is required to reclassify such debts and off-balance sheet commitments to the group of debts as provided by CIC.

The deductible value of collateral is determined in accordance with the provisions of Circular 02, as follows:

- Collaterals valued at VND50 billion or more for loans and advances to customers who are the Group related parties and others as stipulated in Article 127 of the Laws on Credit Institutions and collaterals valued of VND200 billion and more must be valued by the organisation with the function of appraisal; and
- In other cases different from the above cases, the security assets are valued in accordance with internal regulations and internal procedures of the Group.

The maximum deductible rate for collateralised assets is set out in Clause 6, Article 12 of Circular 02.

Any collateral that does not meet the conditions specified in Clause 3, Article 12 of Circular 02, the value of the collateral shall be considered as nil.

(iii) *General allowance for credit losses*

According to Circular 02, a general allowance for credit risk is also made equal to 0.75% of the total balance of loans and advances to customers at the last working day of each quarter (particularly for quarter 4, general credit risk allowance is made equal to 0.75% of total outstanding balance at the last working day of November), excluding debts classified as loss debt.

(iv) *Written-off bad debt*

In accordance with Circular 02 and Circular 09, debts are written-off against the allowance when debts have been classified to Group 5 or when borrowers have been declared bankrupt or dissolved (for borrowers being organisations, enterprises), or borrowers are deceased or missing (for borrowers being individuals).

Debts written-off against allowance are recorded as off-balance sheet items for following up and collection. The amounts collected from the debts previously written-off, including proceeds from sales of collaterals against those debts, are recognised in the consolidated statement of income upon receipt.

(v) *Provision for off-balance sheet commitments*

In accordance with Circular 02 and Circular 09, debt classification of off-balance sheet commitments is conducted solely for the purpose of risk management, credit quality supervision of credit granting activities. No provision is made for off-balance sheet commitments, except where the Group has been required to made payment under the guarantee contract, in which case the payment on behalf is classified and allowance is made in accordance with accounting policy as described in Note 3(g)(ii).

(h) *Purchased debts*

(i) *Purchased debts*

Purchased debts are stated at the purchasing price on the contract. Interest income is recorded in the consolidated statement of income less the interest before the purchase date which is recorded as a deduction of purchasing price.

(ii) Allowance for credit losses on purchased debts

Purchased debts are classified into loan group with the risk level which is not lower than the group for which the debt was classified by the seller prior to purchase and made allowance using the method described in Note 3(g).

(i) Held-for-trading securities

Classification

Held-for-trading securities are debt securities or equity securities acquired principally for the purpose of selling in the short-term, not over one year, for the purpose of short-term profit-taking.

Recognition

The Group recognises held-for-trading securities on the date it becomes a party to the contractual provisions of these securities (trade date accounting).

Measurement

Held-for-trading unlisted bonds issued by enterprises are stated at cost less allowance for credit losses. Debt classification of unlisted bonds issued by enterprises and allowance thereof is made in accordance with the same accounting policy applied for loans and advances to customers as described in Note 3(g).

Other held-for-trading securities are stated at cost less allowance for diminution in value. Allowance for diminution in value is made when the market value is lower than the book value.

For listed held-for-trading equity securities, the market price is the closing price of securities obtained from the Ho Chi Minh City Stock Exchange or the Hanoi Stock Exchange at the reporting date.

For unlisted held-for-trading equity securities that have been registered on the unlisted public company market ("the UPCom market"), the market price is the closing price obtained from the UPCom market at the reporting date.

For unlisted held-for-trading equity securities that have not been registered on the UPCom market and are actively traded on the OTC market, the market price is the average of the transaction prices quoted by three securities companies at the reporting date provided by three securities companies with a charter capital over VND300 billion.

For securities not actively traded on the market or where the market price of those securities cannot be determined reliably, with the exception of unlisted bonds issued by enterprises being classified into credit risk group and allowance thereof is made in accordance with the same accounting policy applied for loans and advances to customers as described in Note 3(g), no allowance is made and such securities are stated at cost.

Interest income during the holding period of held-for-trading securities is recognised in the consolidated statement of income on a cash basis.

The allowance for credit losses on held-for-trading unlisted bonds issued by enterprises and allowance for diminution in the value of other held-for-trading securities as described above are reversed if the recoverable amount of the securities subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Derecognition

Held-for-trading securities are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(j) Investment securities

(i) Available-for-sale securities

Classification

Available-for-sale securities are debt securities or equity securities which are intended to be held for an indefinite period and may be sold at any time.

Recognition

The Group recognises available-for-sale securities on the date it becomes a party to the contractual provisions of these securities (trade date accounting).

Measurement

Available-for-sale unlisted bonds issued by enterprises are stated at cost less allowance for credit losses. Debt classification of unlisted bonds issued by enterprises and allowance thereof is made in accordance with the same accounting policy applied for loans and advances to customers as described in Note 3(g).

Other available-for-sale securities are stated at cost less allowance for diminution in value. Allowance for diminution in value is made when the market value is lower than the book value.

For listed available-for-sale securities, the market price is the closing price of securities obtained from the Ho Chi Minh City Stock Exchange or the Hanoi Stock Exchange at the reporting date.

For unlisted available-for-sale securities that have been registered on the UPCOM market, the market price is the closing price obtained from the UPCOM market at the reporting date.

For unlisted available-for-sale equity securities that have been registered for trading on the OTC market, the market price is the average of the transaction prices quoted by three securities companies having charter capital of more than VND300 billion at the end of annual accounting period.

For securities not actively traded on the market or where the market price of those securities cannot be determined reliably, with the exception of unlisted bonds issued by enterprises being classified into credit risk group and allowance thereof is made in accordance with the same accounting policy applied for loans and advances to customers as described in Note 3(g), no allowance is made and such securities are stated at cost.

Premiums and discounts arising from purchases of available-for-sale debt securities are amortised to the consolidated statement of income using the straight line method over the period from the acquisition date to the maturity date, in cases these securities would be sold before their maturity dates, the unamortised premiums and discounts are recognised fully in the consolidated statement of income at the sale date.

Post-acquisition interest income of available-for-sale securities is recognised in the consolidated statement of income on an accrual basis.

The allowance for credit losses on available-for-sale unlisted bonds issued by enterprises and allowance for diminution in value of other available-for-sale securities as described above are reversed if the recoverable amount of the securities subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Derecognition

Available-for-sale securities are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(ii) Held-to-maturity securities

Classification

Held-to-maturity securities are debt securities with fixed or determinable payments and fixed maturities where the Group's management has the positive intention and ability to hold until maturity date.

Recognition

The Group recognises held-to-maturity securities on the date it becomes a party to the contractual provisions of these securities (trade date accounting).

Measurement

Held-to-maturity unlisted bonds issued by enterprises are stated at cost less allowance for credit losses. Credit risk classification of unlisted bonds issued by enterprises and allowance thereof is made in accordance with the same accounting policy applied for loans and advances to customers as described in Note 3(g).

Other held-to-maturity securities are stated at cost less allowance for diminution in value. Allowance for diminution in value is made when there is an indicator of long-term devaluation according to the Board of Directors's assessment.

Premiums and discounts arising from purchases of held-to-maturity securities are amortised to the consolidated statement of income using the straight line method over the period from the acquisition date to the maturity date.

Post-acquisition interest income of held-to-maturity securities is recognised in the consolidated statement of income on an accrual basis.

The allowance for credit losses on held-to-maturity unlisted bonds issued by enterprises and the allowance for diminution in the value of other held-to-maturity securities as described above are reversed if the recoverable amount of the securities subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Derecognition

Held-to-maturity securities are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(iii) Special bonds issued by Vietnam Asset Management Company ("VAMC")

Classification

Special bonds issued by VAMC are valuable papers issued by VAMC to purchase the Group's bad debts.

Recognition

The Group accounts for bad debts sold in exchange for special bonds issued by VAMC in accordance with the guidance of Official letter 8499 and Official letter 925. These special bonds are classified as held-to-maturity securities, measured initially at par value at transaction date and subsequently at par value less allowance for losses.

Measurement

In exchange of every bad debt sold to VAMC, the Group receives a corresponding special bond issued by VAMC. Par value of the special bond is equal to the carrying value of bad debts sold net of specific allowance which was made but not yet utilised.

After completing the procedure of selling bad debts, the Group writes down the book value of bad debts, uses specific allowance which was made but not yet utilised and derecognised interest receivables recorded in the off-balance sheet account. At the same time, the Group recognises the special bonds issued by VAMC in held-to-maturity debt securities account issued by local economic entities.

For the special bonds issued by VAMC, specific allowance is calculated and made in accordance with the guidance in Circular No. 19/2013/TT-NHNN dated 6 September 2013 ("Circular 19") issued by the SBV regulating the purchase, sale and handling of bad debts of VAMC and Circular No. 14/2015/TT-NHNN dated 28 August 2015 ("Circular 14") and Circular No. 08/2016/TT-NHNN dated 16 June 2016 ("Circular 08") issued by the SBV amending and supplementing certain articles of Circular 19. Accordingly, the minimum specific allowance required to make annually during the term of the special bonds is the positive difference between 20% of the par value for special bonds deducting the collected amounts of the underlying bad debts. Annually, within 5 working days prior to the corresponding date to the maturity date, the Group is required to make adequate specific allowance once as above. Allowance for special bonds is recognised in the consolidated statement of income.

When receiving debts previously sold to VAMC, the Group uses specific allowance for losses on the special bonds to write off bad debts and recognises the difference between allowance for losses on special bonds and the uncollectable loan balance in the consolidated statement of income.

(k) Other long-term investments

Other long-term investments are investments in the equity of entities where the Group has no control or significant influence. These long-term investments are initially stated at cost at the time of investment. Subsequent to the initial recognition, these investments are stated at cost less allowance for diminution in value of long-term investments.

Allowance for diminution in value of long-term investments is made if the investee has suffered a loss, except when the loss was anticipated in the initial business plan of the investee before the investment. The allowance is equal to the difference between the total contributed capital and the owner's equity of the investee multiplied (x) by the Group's percentage of equity interest in the investee. The allowance is reversed if there is a subsequent increase in the recoverable amount after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(l) Other assets

Other assets other than receivables from credit activities and receivables from Shipbuilding Industry Corporation ("Vinashin") as disclosed in Note 17(vi) are stated as cost less allowance for credit losses on other assets. Receivables from credit activities are stated at cost less the allowance for credit losses in accordance with the policy applicable to loans and advances to customers as described in Note 3(g).

Allowance for losses on other assets are made based on the overdue status of debts or based on anticipated losses on undue debts which may occurred when an economic organisation is bankrupted or liquidated or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased. Allowance made is recognised as operating expense during the year.

For overdue assets, the Group makes allowance based on the overdue status in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance as follows:

Overdue status	Allowance rates
Over 6 months to below 1 year	30%
From 1 to below 2 years	50%
From 2 to below 3 years	70%
From 3 years and above	100%

Allowance for losses on other assets is made for possible losses on undue debts as determined by the Group after considering the recoverability of these debts.

(m) Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the consolidated statement of income. Positive goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. In respect of equity accounting investment, the carrying amount of goodwill is included in the carrying amount of the investment.

(n) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises of its purchase price, import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is charged to the consolidated statement of income in the year in which the costs are 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 tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	5 - 50 years
▪ machines and equipment	7 - 14 years
▪ motor vehicles	6 - 10 years
▪ office equipment	3 - 10 years
▪ others	3 - 10 years

(o) Intangible fixed assets

(i) Land use rights

Land use rights comprise those acquired in a legitimate transfer land use rights.

Definite land use rights are stated at cost less accumulated amortisation. The initial cost of a land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over a period ranging from 6 to 49 years.

Infinite land use rights are stated at cost and without amortisation. Initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis over 3 to 8 years.

(p) Investment property held to earn rental

(i) Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by the Group. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property. The estimated useful lives are as follows:

- buildings 10 – 40 years

No depreciation is provided for investment property which is infinite land use rights.

(iii) Disposals

Gains or losses on disposal of investment property held to earn rental are the difference between the net proceeds from disposals and the net book value of investment property held to earn rental and are recognised as other income or other expenses in the consolidated statement of income.

(q) Borrowings from the Government and the SBV

Borrowings from the Government and the SBV are stated at their costs.

(r) Deposits and borrowings from other credit institutions

Deposits and borrowings from other credit institutions are stated at their costs.

(s) Deposits from customers

Deposits from customers are stated at their costs.

(t) Entrustment and entrusted fund

Entrusted receipt with risk born by the Group are grants, entrusted investments, loans which are used for designated purposes, the Group is responsible for repaying this entrustment upon maturity. The Group records the amount of fund received as a grant, entrusted investment, loan and records its investment and loan activities on the consolidated financial statements of the Group.

(u) Valuable papers issued

Valuable papers issued are stated at their costs. Costs of issued valuable papers comprise the proceeds from issuing less the direct costs associated with the issuance.

(v) Other payables

Other payables are stated at their costs.

(w) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Social insurance and severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for the Group for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service as of 31 December 2008 and employee’s average monthly salary of the latest 6 consecutive months period up to the resignation date. Before 24 October 2012, provision for severance allowance has been provided based on employees’ years of service and their current salary level.

On 24 October 2012, the Ministry of Finance issued Circular No. 180/2012/TT-BTC (“Circular 180”) guiding the financial treatment for redundancy allowance to employees of enterprises. Circular 180 provides that, in preparation of 2012 financial statements, if an enterprise’s provision for redundancy allowance still has the outstanding balance, the enterprise must reverse the balance to other income for 2012 and must not carry forward the balance to the following year. Accordingly, the Group reversed the outstanding balance of provision for severance allowance. This change in accounting policy has been applied prospectively from 2012.

Pursuant to the Law on Social Insurance, effective from 1 January 2009, the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The unemployment insurance paid by the Group for the years of service is recorded as expense in the consolidated statement of income when it incurs.

The unemployment insurance is recorded as part of salary expense and other related expenses in the consolidated statement of income.

(x) Taxation

Income tax on the consolidated statement of income for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except for the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous year.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(y) Capital

(i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Share premium

On receipt of capital from shareholders, the difference between issue price and par value of issued shares is credited/debited to the share premium account in equity.

(iii) Treasury shares

When the Group repurchases its ordinary shares ("treasury shares"), the amount of consideration paid, which includes directly attributable costs, is recognised as a deduction from equity.

When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transactions is transferred to/from share premium.

(z) Reserves

(i) Statutory reserves

The Bank and HD SAISON

According to Decree No. 57/2012/ND-CP dated 20 July 2012 issued by the Government of Vietnam, the Bank and HD SAISON is required to make the following reserves before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	100% of charter capital
Financial reserve	10% of profit after tax	25% of charter capital

The purpose of financial reserve is to cover the remaining losses in the course of business after such losses have been offset with compensation paid by the organisations, individuals who caused them, indemnity paid by insurers and with the allowance set up and accounted for in expenses, and shall be used for other purposes in accordance with the law. These reserves are not allowed to be appropriated and recognised as equity.

HD AMC

According to the Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance, the Company is required to make the following statutory reserves with the regulations applicable to the Bank as described above.

(ii) Bonus and welfare fund

Bonus and welfare fund is not required by laws and is fully distributable, and is used primarily to make payments to the Group's employees. Bonus and welfare fund is appropriated from profit after tax based on the shareholders' decision at the Annual General Meeting and is recognised as other liabilities. The appropriation rate is decided by the shareholders at the Annual General Meeting.

(iii) Other reserves

Other reserves comprise investment and development fund and other reserves appropriated from the profit after tax approved by the shareholders at the General Meeting. These reserves are not required by laws, fully distributable and classified as part of equity.

(aa) Off-balance sheet items

Contingent liabilities and commitments

From time to time, the Group has outstanding commitments to extend credit. These commitments take the form of approved loans and overdraft facilities. The Group also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. The contingent liabilities and commitments may expire without being advanced in whole or in part. Therefore the amounts do not represent a firm commitment of future cash flows.

(bb) Interest income

Interest income is recognised in the consolidated statement of income on an accrual basis, except for uncollected interest from loans classified in Groups 2 to 5 as described in Note 3(g). When a loan is classified in Groups 2 to 5 as described in Note 3(g), the accrued interest income is derecognised and recorded into off-balance sheet items. Interest income from these loans is recognised in the consolidated income statement upon actual receipt. Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(cc) Interest expense

Interest expenses are recognised in the consolidated statement of income on an accrual basis. Interest expense is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(dd) Fees and commission income

Fees and commission income includes fees received from settlement services, guarantee services, treasury services and other services. Fees and commission income are recognised in the consolidated statement of income on an accruals basis.

(ee) Fees and commission expense

Fees and commission expense are recognised in the consolidated statement of income when they are incurred.

(ff) Dividend income

Dividends are recognised in the consolidated statement of income when the Group's right to receive dividend payment is established.

Share dividends and bonus shares are not recognised as an increase in the investments corresponding with income in the consolidated statement of income and the Group tracks the number of additional shares. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

(gg) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

(hh) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

(ii) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Bank, after deducting the bonus and welfare funds made during the year, by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

(jj) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segment and secondary format for segment reporting is based on business segments.

(kk) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group's consolidated financial position and consolidated results of operations and the nature and extent of risk arising from financial instruments, the Group classifies its financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

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

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Group has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- 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, other than those:

- that the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Group upon initial recognition designates as available-for-sale; or
- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are 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 that are not classified as:

- loans and receivables;
- held-to-maturity investments; or
- financial assets at fair value through profit or loss.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

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

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

(II) Nil balance

Items or balances required by Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV that are not shown in these consolidated financial statements indicate nil balances.

4. Cash on hand, gold

	31/12/2016 VND million	31/12/2015 VND million
Cash in VND	674,017	639,509
Cash in foreign currencies	952,494	820,147
Gold	9,499	12,751
	1,636,010	1,472,407

5. Balances with the State Bank of Vietnam

These consist of compulsory reserve for liquidity and current deposit at the SBV.

Under the SBV's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for compulsory reserve requirement ("CRR"). The monthly average balance of the reserve must not be less than relevant CRR rates multiplied by the preceding month's average balances of deposits in scope as follows:

Deposits in scope	CRR rates	
	31/12/2016	31/12/2015
Preceding month's average balances of:		
<i>Deposits from customers:</i>		
▪ Deposits in foreign currencies with term of less than 12 months	8%	8%
▪ Deposits in foreign currencies with term of 12 months and above	6%	6%
▪ Deposits in VND with term of less than 12 months	3%	3%
▪ Deposits in VND with term of 12 months and above	1%	1%
<i>Deposits from foreign credit institutions:</i>		
▪ Deposits in foreign currencies	1%	1%
	31/12/2016	31/12/2015
	VND million	VND million
Demand deposit and compulsory reserve		
▪ In VND	2,361,550	2,493,820
▪ In USD	27,752	248,565
	2,389,302	2,742,385

6. Deposits with and loans to other credit institutions

	31/12/2016 VND million	31/12/2015 VND million
Deposits with other credit institutions		
Current deposits		
▪ In VND	4,738,561	68,676
▪ In foreign currencies	8,196,753	795,961
Term deposits		
▪ In VND	3,036,000	4,553,620
▪ In foreign currencies	-	1,361,558
	15,971,314	6,779,815
Allowance for losses on deposits with other credit institutions (i)	-	(103,620)
	15,971,314	6,676,195
Loans to other credit institutions		
▪ In VND	2,309,586	4,934,950
<i>In which: Discount, rediscount</i>	624,586	89,950
▪ In foreign currencies	299,147	383,075
	2,608,733	5,318,025
	18,580,047	11,994,220

Analysis of the quality of outstanding term deposits with and loans to other credit institutions is as follows:

	31/12/2016 VND million	31/12/2015 VND million
Group 1 – Current debts	5,644,733	11,129,583
Group 5 – Loss debts	-	103,620
	5,644,733	11,233,203

- (i) Movements in allowance for losses on deposits with other credit institutions during the year were as follows:

	2016	2015
	VND million	VND million
Opening balance	103,620	7,001
Allowance reversed during the year	(450)	97,620
Allowance used during the year	(103,170)	(1,001)
	<hr/>	<hr/>
Closing balance	-	103,620
	<hr/>	<hr/>

7. Held-for-trading securities

	31/12/2016	31/12/2015
	VND million	VND million
Debt securities		
Issued by domestic credit institutions (i)	400,000	922,956
Allowance for losses on held-for-trading securities		
General allowance (ii)	(3,063)	(6,922)
	<hr/>	<hr/>
	396,937	916,034
	<hr/>	<hr/>

- (i) Listing status of held-for-trading securities:

	31/12/2016	31/12/2015
	VND million	VND million
Debt securities		
Unlisted	400,000	922,956
	<hr/>	<hr/>

- (ii) Movements in allowance for diminution in value of held-for-trading securities during the year were as follows:

	2016	2015
	VND million	VND million
Opening balance	6,922	-
Allowance made during the year	-	6,922
Allowance reversed during the year	(3,859)	-
	<hr/>	<hr/>
Closing balance	3,063	6,922
	<hr/>	<hr/>

8. Derivatives and other financial assets

	31 December 2016		
	Total contract value (at foreign exchange rate at the contract date)	Total carrying value (at foreign exchange rate as at 31 December 2016)	
	VND million	Assets VND million	Liabilities VND million
Currency derivatives			
▪ Currency forward contracts	3,245,203	-	2,747
▪ Currency swap contracts	16,069,782	13,942	20,521
	19,314,985	13,942	23,268
	31 December 2015		
	Total contract value (at foreign exchange rate at the contract date)	Total carrying value (at foreign exchange rate as at 31 December 2015)	
	VND million	Assets VND million	Liabilities VND million
Currency derivatives			
▪ Currency forward contracts	4,347,810	17,556	7,384
▪ Currency swap contracts	1,996,203	28,872	-
	6,344,013	46,428	7,384

9. Loans and advances to customers

	31/12/2016	31/12/2015
	VND million	VND million
Loans to domestic economic entities and individuals	78,850,738	53,810,428
Loans for discounted commercial notes and valuable papers	3,059,047	2,298,677
Overdraft and loans to credit card holders	294,007	422,799
Loans to foreign economic entities and individuals	20,580	26,931
	<hr/>	<hr/>
	82,224,372	56,558,835
	<hr/>	<hr/>

Loan portfolio by loan group was as follows:

	31/12/2016	31/12/2015
	VND million	VND million
Group 1 - Current debts	79,734,077	54,474,049
Group 2 - Special mention debts	1,291,514	1,187,695
Group 3 - Sub-standard debts	376,621	288,405
Group 4 - Doubtful debts	460,699	335,861
Group 5 - Loss debts	361,461	272,825
	<hr/>	<hr/>
	82,224,372	56,558,835
	<hr/>	<hr/>

Loan portfolio by term was as follows:

	31/12/2016	31/12/2015
	VND million	VND million
Short-term debts	34,052,485	22,060,108
Medium-term debts	29,487,894	20,162,349
Long-term debts	18,683,993	14,336,378
	<hr/>	<hr/>
	82,224,372	56,558,835
	<hr/>	<hr/>

Loan portfolio by type of borrower and type of business was as follows:

	31/12/2016	31/12/2015
	VND million	VND million
Other joint stock companies	26,970,387	15,852,643
Other limited liability companies	13,072,900	9,552,151
100% state owned enterprises	1,979,449	850,032
House-hold business	1,276,613	692,517
Private companies	883,170	730,956
Other state-owned companies	513,032	604,735
State-owned joint stock companies	408,783	182,910
Foreign-invested enterprises	332,240	422,873
Co-operatives	23,708	17,106
Others	34,668	64,477
Individuals	36,729,422	27,588,435
	82,224,372	56,558,835

Loan portfolio by business sector of customers was as follows:

	31/12/2016	31/12/2015
	VND million	VND million
Household work, production and consumer services	36,063,574	28,172,385
Constructions	9,059,197	5,000,975
Real estates	4,679,177	1,557,967
Manufacture and processing	4,571,492	2,124,555
Hotels and restaurants	4,534,253	1,526,513
Agriculture, forestry and fisheries	4,387,144	3,795,381
Electricity, gas, hot water, steam producing and distribution and air conditioning	2,608,913	2,016,680
Transportation and warehousing	2,256,132	1,011,046
Wholesale and retail trade, repair of automobiles, motorcycles, motorcycles and other engines	2,084,496	1,986,680
Financial, banking and insurance	1,430,077	830,885
State governance and national defense, Communist Party, unions, social obligations administrations and supporting services	585,454	549,748
Administrative and support services	468,166	511,028
Information and communication	406,587	218,271
Professional, science and technology	362,498	300,358
Training and education	155,806	220,737
Water supply and sewage treatment	103,309	28,736
Mining exploration	85,655	125,504
Arts and entertainment	82,933	63,454
Health care and social support	68,974	85,088
Others	8,230,535	6,432,844
	82,224,372	56,558,835

10. Allowance for losses on loans and advances to customers

Allowance for losses on loans and advances to customers consists of:

	31/12/2016 VND million	31/12/2015 VND million
General allowance (i)	592,827	404,022
Specific allowance (ii)	327,570	301,573
	920,397	705,595

- (i) Movements in the general allowance for losses on loans and advances to customers during the year were as follows:

	2016 VND million	2015 VND million
Opening balance	404,022	274,628
Allowance made during the year (Note 34)	188,805	129,394
	592,827	404,022

- (ii) Movements in the specific allowance for losses on loans and advances to customers during the year were as follows:

	2016 VND million	2015 VND million
Opening balance	301,573	208,978
Allowance made during the year (Note 34)	527,047	380,177
Adjusted allowance made in the previous year (Note 34)	-	105
Allowance used during the year	(501,050)	(107,675)
Allowance used for debts sold to VAMC	-	(180,012)
	327,570	301,573

The Group has fully made full allowance for losses on loans and advances in accordance with the laws and regulations.

11. Purchased debts

	31/12/2016	31/12/2015
	VND million	VND million
Purchased debts in VND	8,690	8,690
Allowance for losses on purchased debts	(3,201)	(3,201)
	<hr/>	<hr/>
	5,489	5,489
	<hr/>	<hr/>

The principal of purchased debts is as follows:

	31/12/2016	31/12/2015
	VND million	VND million
Principal of purchased debts (i)	11,383	11,383
	<hr/>	<hr/>

- (i) As at 31 December 2016 and 2015, these purchased debts are classified into Group 5 – loss debts.

Movements in allowance for losses on purchased debts during the year were as follows:

	2016	2015
	VND million	VND million
Opening balance	3,201	-
Allowance made during the year (Note 34)	-	43,004
Allowance used for debts sold to VAMC	-	(39,803)
	<hr/>	<hr/>
Closing balance	3,201	3,201
	<hr/>	<hr/>

12. Investment securities

	31/12/2016 VND million	31/12/2015 VND million
Available-for-sale securities		
<i>Debt securities</i>		
▪ Government securities (i)	18,153,613	10,109,405
▪ Debt securities issued by other domestic credit institutions	-	210,000
▪ Debt securities issued by domestic economic entities	5,259,048	6,185,999
<i>Equity securities</i>		
▪ Equity securities issued by other domestic economic entities	854,692	199,961
<i>Allowance for losses on available-for-sale securities</i>		
▪ Allowance for diminution in value (ii)	(91,220)	(81,492)
▪ General allowance (iii)	(35,474)	(50,634)
▪ Specific allowance (iv)	(237,741)	-
	23,902,918	16,573,239
Held-to-maturity securities (excluding special bonds issued by VAMC)		
<i>Debt securities</i>		
▪ Government bonds	6,291,729	12
▪ Debt securities issued by other domestic credit institutions	2,500,000	1,500,000
▪ Debt securities issued by domestic economic entities	-	498,940
	8,791,729	1,998,952
<i>Allowance for diminution in value held-to-maturity securities</i>		
▪ General allowance (v)	(1,499)	(3,740)
	8,790,230	1,995,212
Special bonds issued by VAMC (vi)		
▪ Par value of special bonds	2,229,084	3,012,652
▪ Allowance for special bonds	(661,141)	(383,388)
	1,567,943	2,629,264
Total investment securities	34,261,091	21,197,715

- (i) As at 31 December 2016, Government bonds with par value of VND7,154,000 million (31/12/2015: VND4,429,000 million) are pledged as security for deposits and borrowings from other credit institutions (Note 20(i)).

- (ii) Movements in the allowance for diminution in value of available-for-sale securities during the year were as follows:

	2016	2015
	VND million	VND million
Opening balance	81,492	115,526
Allowance made during the year (Note 30)	9,728	55,966
Reclassification to other long-term investments (Note 13(ii))	-	(90,000)
	<hr/>	<hr/>
Closing balance	91,220	81,492
	<hr/>	<hr/>

- (iii) Movements in the general allowance for diminution in value of available-for-sale securities during the year were as follows:

	2016	2015
	VND million	VND million
Opening balance	50,634	63,012
Allowance reversed during the year (Note 30)	(15,160)	(12,378)
	<hr/>	<hr/>
Closing balance	35,474	50,634
	<hr/>	<hr/>

- (iv) Movements in the specific allowance for available-for-sale securities during the year were as follows:

	2016	2015
	VND million	VND million
Opening balance	-	-
Allowance reversed during the year (Note 30)	237,741	-
	<hr/>	<hr/>
Closing balance	237,741	-
	<hr/>	<hr/>

- (v) Movements in the general allowance for diminution in value of held-to-maturity securities during the year were as follows:

	2016	2015
	VND million	VND million
Opening balance	3,740	5,514
Allowance reversed during the year (Note 30)	(2,241)	(1,774)
	<hr/>	<hr/>
Closing balance	1,499	3,740
	<hr/>	<hr/>

- (vi) These are special bonds issued by VAMC in order to purchase bad debt of the Group with total principal amount as at 31 December 2016 is VND2,863,490 million (31/12/2015: VND3,700,059 million) and specific allowance for losses made at the time of selling these debts is VND634,406 million (31/12/2015: VND687,407 million). For the special bonds, allowance had been made in accordance with Circular 19, Circular 14 and Circular 08.

Movements in allowance for special bonds issued by VAMC during the year were as follows:

	2016	2015
	VND million	VND million
Opening balance	383,388	-
Allowance made during the year (Note 34)	277,753	383,388
	<hr/>	<hr/>
Closing balance	661,141	383,388
	<hr/>	<hr/>

Analysis of securities which are classified as assets with credit risk was as follows:

	31/12/2016	31/12/2015
	VND million	VND million
Group 1 – Current debts	7,459,048	8,394,939
Group 5 – Loss debts	300,000	-
	<hr/>	<hr/>
	7,759,048	8,394,939
	<hr/>	<hr/>

13. Long-term investments

	31/12/2016	31/12/2015
	VND million	VND million
Other long-term investments (i)	495,945	530,192
Allowance for diminution in the value of other long-term investments (ii)	(111,539)	(111,074)
	<hr/>	<hr/>
	384,406	419,118
	<hr/>	<hr/>

(i) Details of other long-term investment were as follows:

	31/12/2016		31/12/2015	
	Holdings	Cost	Holdings	Cost
	percentage %	VND million	percentage %	VND million
Investment in other credits institutions				
Viet Capital Joint Stock Commercial Bank	0.63	18,697	0.63	18,697
Saigon Bank For Industry and Trade	0.03	930	0.03	930
Investment in economic entities				
Nhon Trach Investment Joint Stock Company – NIC	9.85	300,000	9.85	300,000
City Housing Development Real Estate Business Joint Stock Company (HDREAL)	8.25	66,000	8.25	66,000
Dai Viet Securities Joint Stock Company	7.20	45,000	7.20	45,000
Petechim Trading Joint Stock Company	11.00	22,000	11.00	22,000
Hoa Binh University	11.00	11,880	11.00	11,880
Duc Khai 25 Joint Stock Company	11.00	10,287	11.00	10,288
Mekong Aviation Joint Stock Company	8.40	9,000	8.40	9,000
Viet Nam Investment Fund Management Joint Stock Company	1.08	4,480	2.16	12,800
Ut Xi Aquatic Products Processing Joint Stock Company	1.02	3,000	1.22	3,000
Viet Nam National Financial Switching Joint Stock Company (formerly known as Card And Banking Credits Joint Stock Company)	1.36	2,000	4.00	2,000
Loc Troi Group Joint Stock Company (formerly known as An Giang Plant Protection Joint Stock Company)	0.09	1,800	0.09	1,800
Guarantee Fund for Small and Medium Enterprises	0.22	500	0.22	500
Banking Skills Training And Consultancy Joint Stock Company	4.29	371	4.29	371
Bac Ha Hydropower Joint Stock Company	-	-	2.13	13,833
Phu Gia Securities Joint Stock Company	-	-	3.05	7,473
Bac Trung Nam Housing Development Joint Stock Company	-	-	8.80	4,400
Bank Security Services Joint Stock Company	-	-	11.00	220
		495,945		530,192

(ii) Movement of allowance for diminution in value of other long-term investments during the year were as follows:

	2016 VND million	2015 VND million
Opening balance	111,074	21,094
Reclassification from available-for-sale securities (Note 12(ii))	-	90,000
Allowance made during the year	465	-
Allowance reversed during the year	-	(20)
Closing balance	111,539	111,074

14. Tangible fixed assets

Year ended 31 December 2016	Buildings and structures VND million	Machine and equipment VND million	Motor vehicles VND million	Office equipment VND million	Others VND million	Total VND million
Cost						
Opening balance	364,252	151,670	162,589	223,833	9,241	911,585
Additions	66,746	1,061	15,864	18,155	-	101,826
Transfer to intangible fixed assets	(1,514)	-	-	-	-	(1,514)
Disposals	(1,117)	(566)	(5,742)	(866)	(121)	(8,412)
Closing balance	428,367	152,165	172,711	241,122	9,120	1,003,485
Accumulated depreciation						
Opening balance	55,000	93,986	90,731	147,488	5,552	392,757
Charge for the year	14,771	19,554	19,407	37,934	1,514	93,180
Disposals	(562)	(544)	(5,529)	(680)	(121)	(7,436)
Closing balance	69,209	112,996	104,609	184,742	6,945	478,501
Net book value						
Opening balance	309,252	57,684	71,858	76,345	3,689	518,828
Closing balance	359,158	39,169	68,102	56,380	2,175	524,984

14. Tangible fixed assets (continued)

Year ended 31 December 2015

	Buildings and structures VND million	Machine and equipment VND million	Motor vehicles VND million	Office equipment VND million	Others VND million	Total VND million
Cost						
Opening balance	185,808	134,119	144,188	163,434	7,330	634,879
Additions	185,403	18,487	23,997	62,320	2,001	292,208
Disposals	(2,959)	(936)	(5,596)	(1,921)	(90)	(11,502)
Transfer to intangible fixed assets	(2,700)	-	-	-	-	(2,700)
Transfer to investment properties	(1,300)	-	-	-	-	(1,300)
Closing balance	364,252	151,670	162,589	223,833	9,241	911,585
Accumulated depreciation						
Opening balance	45,985	75,276	77,041	121,548	4,101	323,951
Charge for the year	11,874	19,623	18,780	27,356	1,516	79,149
Disposals	(2,859)	(913)	(5,090)	(1,416)	(65)	(10,343)
Closing balance	55,000	93,986	90,731	147,488	5,552	392,757
Net book value						
Opening balance	139,823	58,843	67,147	41,886	3,229	310,928
Closing balance	309,252	57,684	71,858	76,345	3,689	518,828

As at 31 December 2016, included in tangible fixed assets were assets costing VND169,734 million which were fully depreciated (31/12/2015: VND133,590 million), but are still in use.

15. Intangible fixed assets

Year ended 31 December 2016	Definite land use rights VND million	Indefinite land use rights VND million	Software VND million	Other assets VND million	Total VND million
Cost					
Opening balance	19,513	222,954	179,793	1,718	423,978
Additions	25,873	543,470	1,430	183	570,956
Transfer from tangible fixed assets	-	1,514	-	-	1,514
Disposals	-	(8,500)	-	-	(8,500)
Closing balance	45,386	759,438	181,223	1,901	987,948
Accumulated depreciation					
Opening balance	1,240	-	135,014	1,338	137,592
Charge for the year	827	-	22,290	263	23,380
Closing balance	2,067	-	157,304	1,601	160,972
Net book value					
Opening balance	18,273	222,954	44,779	380	286,386
Closing balance	43,319	759,438	23,919	300	826,976

15. Intangible fixed assets (continued)

Year ended 31 December 2015	Definite land use rights VND million	Indefinite land use rights VND million	Software VND million	Other assets VND million	Total VND million
Cost					
Opening balance	7,198	161,598	158,813	1,492	329,101
Additions	9,615	70,427	21,838	226	102,106
Transfer from tangible fixed assets	2,700	-	-	-	2,700
Transfer to investment properties	-	(9,071)	-	-	(9,071)
Other decreases	-	-	(858)	-	(858)
Closing balance	19,513	222,954	179,793	1,718	423,978
Accumulated depreciation					
Opening balance	854	-	110,577	1,200	112,631
Charge for the year	386	-	24,439	138	24,963
Other decreases	-	-	(2)	-	(2)
Closing balance	1,240	-	135,014	1,338	137,592
Net book value					
Opening balance	6,344	161,598	48,236	292	216,470
Closing balance	18,273	222,954	44,779	380	286,386

As at 31 December 2016, included in intangible fixed assets were assets costing VND79,011 million which were fully depreciated (31/12/2015: VND53,238 million), but are still in use.

16. Investment properties

Year ended 31 December 2016

	Buildings, structures VND million	Indefinite land use rights VND million	Total VND million
Cost			
Opening balance	10,523	54,461	64,984
Transfer from construction in progress	3,789	28,593	32,382
Disposals	(713)	(7,888)	(8,601)
Closing balance	13,599	75,166	88,765
Accumulated depreciation			
Opening balance	146	-	146
Charge for the year	275	-	275
Disposals	(37)	-	(37)
Closing balance	384	-	384
Net book value			
Opening balance	10,377	54,461	64,838
Closing balance	13,215	75,166	88,381

16. Investment properties (continued)

Year ended 31 December 2015

	Buildings, structures VND million	Indefinite land use rights VND million	Total VND million
Cost			
Opening balance	-	-	-
Additions	8,659	29,052	37,711
Transfer from advance purchase of fixed assets	564	16,338	16,902
Transfer from fixed assets	1,300	9,071	10,371
Closing balance	10,523	54,461	64,984
Accumulated depreciation			
Opening balance	-	-	-
Charge for the year	146	-	146
Closing balance	146	-	146
Net book value			
Opening balance	-	-	-
Closing balance	10,377	54,461	64,838

The fair value of investment properties held to earn rental has not been determined as there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

17. Other assets

	31/12/2016	31/12/2015
	VND million	VND million
Receivables		
▪ Receivables from sale of securities with deferred payment term (i)	3,236,182	4,255,992
▪ Advances for acquiring of fixed assets (ii)	885,318	1,302,059
▪ Receivables from disposals of fixed assets (iii)	315,000	315,000
▪ Deposits for office renting/purchasing (iv)	160,000	262,000
▪ Construction in progress (v)	139,386	144,245
▪ Advances for business operation	124,638	134,801
▪ Deposits/advances for offices rental, fixed assets and tool and supplies	75,874	76,852
▪ Receivables from investment cooperation	36,000	602,756
▪ Commission receivables	32,781	27,504
▪ Advances for processing expenses of collateral	24,338	21,066
▪ Advances for deposit with immediate interest payment	23,594	6,733
▪ Receivable from Shipbuilding Industry Corporation (“Vinashin”) (vi)	22,911	70,779
▪ Rental fee receivable from Abacus Building	18,750	14,871
▪ Advance for capital contribution	11,619	34,119
▪ Receivables from transfer of equity	3,080	51,905
▪ Overpaid corporate income tax (Note 25)	497	1,933
▪ Swap contract deposits	-	44,860
▪ Debt selling receivables	-	95,000
▪ Receivables from bonds issuance	-	80,000
▪ Other receivables	180,419	108,934
	<hr/> 5,290,387	<hr/> 7,651,409
Accrued interest and fees receivables		
▪ Deposits interest receivables	10,938	16,804
▪ Loan interest receivables	1,811,978	1,002,083
▪ Investment securities interest receivables	1,277,929	888,654
▪ Other interest and fees receivable	13,042	8,995
	<hr/> 3,113,887	<hr/> 1,916,536
Deferred tax assets (Note 35)	17,311	23,636
Other assets		
▪ Prepaid expenses (vii)	1,056,943	893,614
▪ Foreclosed assets of which ownership being transferred and awaiting for settlement (viii)	385,610	425,057
▪ Materials and tools	25,167	58,275
▪ Goodwill (Note 18)	39,377	45,140
▪ Other assets	3,450	1,553
	<hr/> 1,510,547	<hr/> 1,423,639
Allowance for losses on other assets (ix)	(35,458)	(38,989)
	<hr/> 9,896,674	<hr/> 10,976,231

- (i) These are receivables as at 31 December 2016 from individuals and enterprises relating to the contracts of sale of securities with deferred payment term amounting to VND3,153,159 million (31/12/2015: VND3,972,216 million) and interest receivable amounting to VND83,023 million (31/12/2015: VND 283,776 million). Under the sales contracts and appendices enclosed, these receivables and related interest receivables will be paid in 2017, 2018 and 2019.

- (ii) Advance for acquiring fixed assets comprises:

	31/12/2016	31/12/2015
	VND million	VND million
Houses and offices (*)	877,819	1,284,225
Transportation	-	950
Fixed assets used for core banking software	-	798
Anti-money laundry software	4,141	-
Other fixed assets	3,358	16,086
	<hr/>	<hr/>
	885,318	1,302,059
	<hr/>	<hr/>

- (*) The Group signed contracts for acquiring certain assets including houses and land use rights to use as offices, branches and transaction offices with total value of VND877,819 million (31/12/2015: VND1,284,225 million).
- (iii) The balance as at 31 December 2016 comprised a receivable from an economic organisation in Vietnam of VND315,000 million relating to the transfer of building at 69 Pham Ngoc Thach and 174 Phan Dang Luu in Ho Chi Minh City. This amount will be paid on an annual basis for 9 years, the first of which is on 15 November 2017.
- (iv) The balance at 31 December 2016 is the advance to a company to provide hunting, consultancy, negotiation services for the transfer of land use rights and assets attached to land at some places to be used as office buildings.
- (v) These are advances paid for renovation contracts, interior layout works for office buildings at the branches and transaction offices of the Group.
- (vi) This is the remaining debt of Vinashin which is not recoverable, processed under the guidance of the State Bank of Vietnam and allocated to expenses until 2018.
- (vii) Prepaid expenses include the cost of purchase of tools, repair of fixed assets, fixed asset rental and data transmission leases, of which is prepaid rental expenses of 11 floors of building at 25 Bis Nguyen Thi Minh Khai and 7 floors of building at 22-24-26 Pasteur for the head office and branch offices amounting to VND237,559 million and VND133,061 million respectively (31/12/2015: VND243,084 million and VND136,181 million respectively).
- (viii) Assets that have transferred ownership to the Bank, awaiting for settlement are values of the collateral assets of the borrowers, which were assigned to the Bank to offset bad debts including loans and other receivables. The Bank has completed the procedures for transfer of ownership of the assets to the Bank at the preparation date of the financial statements.

(ix) Allowance for losses on other assets during the year were as follows:

	2016	2015
	VND million	VND million
Opening balance	38,989	20,014
Allowance made during the year	44,337	20,424
Allowance reversed during the year	-	(1,449)
Allowance used during the year	(47,868)	-
	<hr/>	<hr/>
Closing balance	35,458	38,989
	<hr/>	<hr/>

Analysis of the quality of other assets which are classified into risk exposing assets:

	31/12/2016	31/12/2015
	VND million	VND million
Group 1 – Current debts	36,000	977,756
Group 5 – Loss debts	22,911	70,779
	<hr/>	<hr/>
	58,911	1,048,535
	<hr/>	<hr/>

18. Goodwill

	31/12/2016	31/12/2015
	VND million	VND million
Total goodwill	115,251	115,251
Amortisation period (year)	10	10
- Accumulative amortisation of goodwill – opening balance	(70,111)	(63,330)
- Remaining balance of goodwill – opening balance	45,140	51,921
Goodwill decreases during the year	(5,763)	(6,781)
- Decrease of goodwill due to sale of a part of a subsidiary	-	(975)
- Charges for the year (Note 31, 35)	(5,763)	(5,806)
	<hr/>	<hr/>
Remaining balance of goodwill - closing balance (Note 17)	39,377	45,140
	<hr/>	<hr/>

19. Borrowings from the Government and the SBV

	31/12/2016 VND million	31/12/2015 VND million
Borrowings from the SBV through open market	-	2,233,966
Asian Development Bank (i)	21,791	27,305
Japan Bank for International Cooperation (ii)	155,844	227,050
	177,635	2,488,321

- (i) This is the loan in the Housing Credit Financing Project which is funded by Asian Development Bank through the SBV. Under the agreement dated 16 January 2006, the amendment dated 24 November 2006 and annex dated 11 October 2010 signed with the SBV, the total loan is VND68,000 million, loan term is 20 years from 6 January 2004, loan interest is calculated based on interest adjusted at the end of each quarter using weighted average method for all types of term deposits in the banking system.
- (ii) This is the loan in the Phase II and III of Small and Medium Enterprise Financing project which is funded by Japan Bank for International Cooperation (JBIC) through the SBV. Under the framework agreement on lending dated 1 November 2007, the Bank is entitled to borrow to finance eligible businesses in accordance with project regulations.

20. Deposits and borrowings from other credit institutions

	31/12/2016 VND million	31/12/2015 VND million
Demand deposits		
▪ Demand deposits in VND	4,524,040	8,916
Term deposits		
▪ Term deposits in VND (i)	5,773,525	2,814,600
▪ Term deposits in foreign currencies	3,323,850	207,955
	13,621,415	3,031,471
Borrowings		
▪ Borrowings in VND (i)	3,949,786	3,070,000
▪ Borrowings in foreign currencies	2,113,464	493,460
	6,063,250	3,563,460
	19,684,665	6,594,931

- (i) Included in these deposits and borrowings were deposits and borrowings amounting to VND6,855,901 million (31/12/2015: VND1,055,000 million) were secured by government bonds with nominal value amounting to VND7,154,000 million (31/12/2015: VND4,429,000 million) (Note 12(i)).

21. Deposits from customers

	31/12/2016	31/12/2015
	VND million	VND million
Demand deposits		
▪ Demand deposits in VND	9,258,445	4,774,031
▪ Demand deposits in foreign currencies	554,824	825,084
Term deposits		
▪ Term deposits in VND	22,097,095	16,920,185
▪ Term deposits in foreign currencies	777,672	260,734
Saving deposits		
▪ Saving deposits in VND	69,035,896	49,160,806
▪ Saving deposits in foreign currencies	1,155,274	1,999,059
Specialised capital deposits		
▪ Specialised capital deposits in VND	223,164	230,394
▪ Specialised capital deposits in foreign currencies	5,931	144,576
Marginal deposits		
▪ Marginal deposits in VND	164,232	174,161
▪ Marginal deposits in foreign currencies	27,238	53,689
	<hr/>	<hr/>
	103,299,771	74,542,719
	<hr/>	<hr/>

Deposits from customers by type of customers and ownership were as follows:

	31/12/2016	31/12/2015
	VND million	VND million
Corporate deposits	36,693,198	26,663,979
▪ Joint stock companies	11,210,507	8,237,741
▪ 100% state-owned limited liability companies	4,511,634	3,737,735
▪ Other state-owned companies	4,291,209	3,359,292
▪ Limited liability companies	3,678,320	3,286,132
▪ Household business	3,092,852	3,242,873
▪ Co-operatives	3,064,801	47,984
▪ Foreign joint venture enterprises	1,111,396	527,774
▪ State-owned joint stock company	755,324	536,304
▪ Administrative agencies, parties, unions	606,439	279,146
▪ 100% foreign-owned companies	552,629	356,650
▪ Limited liability companies with more than 50% of charter capital owned by the State	415,537	490,154
▪ Private enterprises	71,506	100,243
▪ Farm	26,666	11,495
▪ Partnerships	6,421	3,825
▪ Others	3,297,957	2,446,631
Individual deposits	66,606,573	47,878,740
	<hr/>	<hr/>
	103,299,771	74,542,719
	<hr/>	<hr/>

22. Funds, entrusted investments receipts, borrowings at risk of credit institution

	31/12/2016	31/12/2015
	VND million	VND million
Funds, entrusted investments receipts and borrowings in VND		
▪ Funds from Rural Development Fund	5,821	19,376
Funds, entrusted investments receipts and borrowings in foreign currencies		
▪ Funds from Rural Development Fund	1,259	1,267
▪ Funds from Power Sector Reform Policy Support Program – Phase III (i)	2,836,352	2,801,920
	<hr/>	<hr/>
	2,843,432	2,822,563
	<hr/>	<hr/>

- (i) This fund is amounted to USD128 million from the Ministry of Finance to finance the reforming program of electricity industry – Phase III with a term of 29 years from 4 August 2015 to 4 August 2043 with 6-month LIBOR interest rate of USD plus the variable amount adjusted periodically by the World Bank at 1 January and 1 July every year.

23. Valuable papers issued

	31/12/2016 VND million	31/12/2015 VND million
Certificates of deposits		
▪ Less than 12 months	70,014	736,000
▪ From 12 months to 5 years	5,097,000	1,281,000
Bonds		
▪ From 12 months to 5 years	2,860,000	3,830,000
▪ More than 5 years	3,000,000	2,000,000
	11,027,014	7,847,000

24. Other liabilities

	31/12/2016 VND million	31/12/2015 VND million
Intra-group payables		
▪ Payables to employees	90,426	40,987
External payable		
▪ Amount kept on behalf and awaiting for settlement	171,219	116,458
▪ Commission payables	113,943	68,515
▪ Corporate income tax payable (Note 25)	93,009	75,751
▪ Taxes and others payable to the State (Note 25)	14,071	9,666
▪ Accrued expense	49,729	30,404
▪ Management fee payable to Abacus building	5,552	6,039
▪ Revenue received in advance of the sale of bonds	-	57,792
Bonus and welfare fund (i)	8,995	11,779
Other payables		
Unearned revenue	71,716	74,205
Payables for construction in progress	2,764	2,437
Other payables	225,112	110,271
	846,536	604,304

(i) Movements in bonus and welfare fund during the year were as follows:

	2016	2015
	VND million	VND million
Opening balance	11,779	12,595
Transfer from owners' equity (Note 26)	3,000	3,000
Utilisations during the year	(5,784)	(3,816)
	<hr/>	<hr/>
Closing balance	8,995	11,779
	<hr/>	<hr/>

25. Taxes payable to State Treasury

Year ended	Opening	Movement during the year		Closing
31 December 2016	balance	Incurred	Paid	balance
	VND million	VND million	VND million	VND million
Value added tax	5,903	25,140	(23,699)	7,344
Corporate income tax	73,818	226,872	(208,178)	92,512
Personal income tax	3,543	70,693	(67,867)	6,369
Foreign withholding tax	220	5,656	(5,518)	358
License tax	-	224	(224)	-
Others	-	1,848	(1,848)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	83,484	330,433	(307,334)	106,583
	<hr/>	<hr/>	<hr/>	<hr/>
Year ended	Opening	Movement during the year		Closing
31 December 2015	balance	Incurred	Paid	balance
	VND million	VND million	VND million	VND million
Value added tax	3,477	36,011	(33,585)	5,903
Corporate income tax	114,640	160,762	(201,584)	73,818
Personal income tax	2,327	35,163	(33,947)	3,543
Foreign withholding tax	57	2,192	(2,029)	220
License tax	-	222	(222)	-
Others	-	161	(161)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	120,501	234,511	(271,528)	83,484
	<hr/>	<hr/>	<hr/>	<hr/>

26. Capital and reserves

(a) Statement of changes in equity

	Charter capital VND million	Investment and construction fund VND million	Share premium VND million	Treasury shares VND million	Reserve to supplement charter capital VND million	Investing and development reserve VND million	Financial reserve VND million	Other reserve VND million	Retained profits VND million	Non-controlling interest VND million	Total VND million
Balance at 1 January 2015	8,100,000	89	4,599	(2)	108,072	70	138,826	8,845	513,550	324,794	9,198,843
Net profit for the year	-	-	-	-	-	-	-	-	513,037	117,074	630,111
Profit from disposal of investment in HD SAISON	-	-	-	-	-	-	-	-	8,629	7,396	16,025
Appropriation to reserves	-	-	-	-	30,121	-	80,961	20,000	(131,082)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	-	(3,000)	-	(3,000)
Other decreases	-	-	-	-	(2,765)	-	(5,529)	-	7,994	-	(300)
Balance at 31 December 2015	8,100,000	89	4,599	(2)	135,428	70	214,258	28,845	909,128	449,264	9,841,679
Balance at 1 January 2016	8,100,000	89	4,599	(2)	135,428	70	214,258	28,845	909,128	449,264	9,841,679
Net profit for the year	-	-	-	-	-	-	-	-	738,132	176,366	914,498
Appropriation to reserves	-	-	-	-	29,366	-	57,847	-	(87,213)	-	-
Distribution of dividends	-	-	-	-	-	-	-	-	(810,000)	-	(810,000)
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	-	(3,000)	-	(3,000)
Other decreases	-	-	-	-	-	-	-	(534)	-	-	(534)
Balance at 31 December 2016	8,100,000	89	4,599	(2)	164,794	70	272,105	28,311	747,047	625,630	9,942,643

(b) Charter capital

	31/12/2016		31/12/2015	
	Number of shares	Nominal value VND million	Number of shares	Nominal value VND million
Authorised charter capital	810,000,000	8,100,000	810,000,000	8,100,000
Issued charter capital				
Ordinary shares	810,000,000	8,100,000	810,000,000	8,100,000
Treasury shares				
Ordinary shares	208	2	208	2
Shares in circulation				
Ordinary shares	809,999,792	8,099,998	809,999,792	8,099,998

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of shareholders of the Bank. Shareholders are entitled to receive dividends as declared from time to time. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Bank's residual assets. In respect of shares bought back by the Bank, all rights are suspended until those shares are reissued.

(c) Dividends

	2016 VND million	2015 VND million
Opening balance	742	742
Dividends payable (i)	810,000	-
Dividends paid	(809,987)	-
Closing balance	755	742

- (i) In accordance with Resolution No. 05/2016/NQ-DHDCD dated 12 May 2016, the General Meeting of Shareholders of the Bank resolved to distribute dividends amounting to VND810,000 million in cash from retained profits of 2015.

27. Net interest income

	2016	2015
	VND million	VND million
Interest and similar income from		
▪ Loans and advances to customers and loans to other credit institutions	8,988,316	5,653,426
▪ Deposits with other credit institutions	156,845	162,398
▪ Investment securities	1,663,479	1,591,936
▪ Guarantees activities	59,809	37,053
▪ Other income from credit activities	452,853	477,665
	<hr/> 11,321,302	<hr/> 7,922,478
Interest and similar expense on		
▪ Deposits from customers and other credit institutions	(5,277,393)	(3,799,962)
▪ Borrowings from other credit institutions	(246,132)	(294,529)
▪ Valuable papers issued	(914,654)	(483,405)
▪ Other expenses on credit activities	(205,043)	(99,872)
	<hr/> (6,643,222)	<hr/> (4,677,768)
Net interest income	<hr/> 4,678,080	<hr/> 3,244,710

28. Net fees and commission income

	2016 VND million	2015 VND million
Fees and commission income		
▪ Settlement services	115,093	100,981
▪ Cash services	11,634	12,245
▪ Supporting fee for asset preservation services and insurance agency contract	305	91,044
▪ Trust and agent services	24	623
▪ Advisory services	-	5,286
▪ Other services	40,264	23,925
	<hr/> 167,320	<hr/> 234,104
Fees and commission expenses		
▪ Settlement services	(37,001)	(34,870)
▪ Cash services	(5,546)	(5,163)
▪ Postal and telecommunication	(2,373)	(2,032)
▪ Trust and agent services	(185)	(248)
▪ Advisory services	(26)	(750)
▪ Brokerage services	(26)	(100)
▪ Other services	(3,939)	(2,834)
	<hr/> (49,096)	<hr/> (45,997)
Net fees and commission income	<hr/> 118,224	<hr/> 188,107

29. Net gain from trading of foreign currencies and gold

	2016	2015
	VND million	VND million
Gains from trading of foreign currencies and gold		
▪ Spot currency contracts	3,536,281	2,810,140
▪ Gold trading	488,957	475,367
▪ Other monetary derivatives instruments	240,106	86,096
	4,265,344	3,371,603
Losses on trading of foreign currencies and gold		
▪ Spot currency contracts	(3,474,350)	(2,811,744)
▪ Gold trading	(486,875)	(476,439)
▪ Other monetary derivatives instruments	(94,835)	(57,659)
	(4,056,060)	(3,345,842)
Net gain from trading of foreign currencies and gold	209,284	25,761

30. Net gain from trading of investment securities

	2016	2015
	VND million	VND million
Net gain from trading of available-for-sale securities		
▪ Gains from trading available-for-sale securities (*)	397,435	98,571
▪ Losses on trading available-for-sale securities (*)	(16,208)	(7,970)
▪ Addition to allowance for losses on available-for-sale securities (Note 12 (ii))	(9,728)	(55,966)
▪ Reversal of general allowance for losses on available-for-sale securities (Note 12 (iii))	15,160	12,378
▪ Addition to specific allowance for losses on available-for-sale securities (Note 12 (iv))	(237,741)	-
	148,918	47,013
Net gain from trading of held-to-maturity securities		
▪ Reversal of general allowance for losses on held-to-maturity securities (Note 12 (v))	2,241	1,774
Net gain from trading of investment securities	151,159	48,787

(*) The average mobilisation cost of deposits for 12 and 13-month term deposits used to purchase these securities after deducting discounts/premiums and interest received (if any) from the securities to the selling date is VND101,778 million (2015: VND68,647 million).

31. Net other income

	2016 VND million	2015 VND million
Other income		
▪ Collection of bad debts previously written-off	89,342	20,036
▪ Rental income	26,877	19,247
▪ Insurance commission	25,497	16,081
▪ Gain on disposals of assets	19,756	99
▪ Other income	33,647	23,200
	195,119	78,663
Other expenses		
▪ Insurance expense	(8,382)	(7,811)
▪ Goodwill expense (Note 18)	(5,763)	(5,806)
▪ Sponsoring expense	(2,663)	(2,791)
▪ Penalties due to breaching contracts	(108)	(448)
▪ Selling and purchasing debt expense	-	(17,560)
▪ Investment securities portfolio management fee	-	(10,761)
▪ Other expenses	(11,512)	(13,915)
	(28,428)	(59,092)
Net other income	166,691	19,571

32. Income from capital contribution, share purchase

	2016 VND million	2015 VND million
Dividend income during the year from:		
▪ Available-for-sale equity securities	2,814	41,697
▪ Long-term investments	9,471	35,942
Income from stock transfer	-	360,000
Income from transfer of capital contribution in investment cooperation contract	-	172,300
	12,285	609,939

33. Operating expenses

	2016 VND million	2015 VND million
1. Tax, duties and fees	2,818	2,262
2. Salaries and related expenses	1,467,206	1,008,069
In which:		
▪ <i>Salaries and allowances</i>	1,319,385	907,511
▪ <i>Salary related contributions</i>	114,435	79,432
▪ <i>Others</i>	33,386	21,126
3. Expenses on assets	485,936	495,205
In which:		
▪ <i>Depreciation and amortisation expenses</i>	116,835	104,258
▪ <i>Office rental</i>	203,947	197,293
▪ <i>Assets renovation</i>	98,923	139,176
▪ <i>Equipment</i>	64,519	51,948
▪ <i>Assets insurance expense</i>	1,712	2,530
4. Allowances (exclude allowance expenses for credit losses, securities risk)	44,352	117,023
5. Administration expenses	1,192,435	725,555
In which:		
▪ <i>Marketing, promotion expenses</i>	313,525	189,711
▪ <i>Commission expense</i>	336,191	177,236
▪ <i>General administration expense</i>	286,123	172,098
▪ <i>Communication expense</i>	54,547	59,231
▪ <i>Credit information expense</i>	64,950	22,975
▪ <i>Debt recovery service expense</i>	76,930	47,562
▪ <i>Travelling expense</i>	36,787	29,022
▪ <i>Printing expense</i>	14,252	20,337
▪ <i>Training expense</i>	9,130	7,323
▪ <i>Trade union expense</i>	-	60
6. Insurance premium for deposits from customers	84,241	61,470
	3,276,988	2,409,584

34. Allowance expenses for credit losses

	2016 VND million	2015 VND million
Addition to general allowance for loans and advances to customers (Note 10(i))	188,805	129,394
Addition to specific allowance for loans and advances to customers (Note 10(ii))	527,047	380,177
Allowance adjustment in prior years (Note 10(ii))	-	105
Allowance for credit losses on purchased debts (Note 11(i))	-	43,004
Addition to allowance for special bonds (Note 12(vi))	277,753	383,388
Reversal of allowance for credit losses on other assets (Note 17)	-	(1,449)
	993,605	934,619

35. Income tax

(a) Recognised in the consolidated statement of income

	2016 VND million	2015 VND million
Current tax expense		
Current year	223,590	160,328
Adjustment for income tax expenses in prior years	3,220	-
	226,810	160,328
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	6,325	(2,005)
	233,135	158,323

(b) Current income tax expense

	2016 VND million	2015 VND million
Profit before tax	1,147,633	788,434
<i>Adjustment for</i>		
Non-deductible expenses	12,744	2,049
Goodwill amortisation (Note 18)	5,763	5,806
Adjustment for transfer of investment in HD SAISON	-	10,706
Dividend income exempted from corporate income tax	(12,285)	(77,639)
Decrease in taxable income	(4,778)	(6,844)
Unrealised foreign exchange losses in the previous year are realised this year	(17,437)	(8,322)
Unrealised (gain)/loss from exchange differences	(12,443)	17,437
Difference of previous year reserves is deducted in this year	(1,129)	-
Utilised tax losses	(120)	(2,868)
Taxable income	1,117,948	728,759
Income tax expense calculated on taxable income	223,590	160,328
Adjustment to increase corporate income tax of previous years	3,220	-
Income tax payable at the beginning of the year	73,818	114,640
Income tax paid during the year	(208,178)	(201,584)
Adjustment to increase corporate income tax of previous years	62	434
Net corporate income tax payable at the end of the year	92,512	73,818

(c) Applicable tax rates

The Group's income tax rate is 20% from 2016 due to change in the Income Tax Law (2015: 22%). The calculation of income tax shall be subject to review and approval by the tax authorities.

(d) Deferred tax assets

	31/12/2016 VND million	31/12/2015 VND million
Deferred tax assets related to deductible temporary differences:		
Unrealised (gains)/losses of foreign exchange differences	(2,489)	3,836
Allowance for diminution in value of long-term investments	19,800	19,800
	17,311	23,636

36. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2016 was based on net profit attributable to ordinary shareholders of the Bank of VND738,132 million (2015: VND510,037 million) and a weighted average number of ordinary shares outstanding of 809,999,792 shares (2015: 809,999,792 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2016 VND million	2015 VND million Restated
Net profit attributable to ordinary shareholders for the year	738,132	513,037
Appropriation to bonus and welfare fund (*)	-	(3,000)
	738,132	510,037

(*) Net profit attributable to ordinary shareholders in 2015 was restated to reflect the actual distribution to bonus and welfare funds from retained earnings of the year 2015 followed to the Resolution No. 05/2016/NQ-DHDCD dated 12 May 2016 issued by the Bank.

(ii) Weighted average number of ordinary shares

	2016 Shares	2015 Shares
Weighted average number of ordinary shares at the beginning and the end of the year	809,999,792	809,999,792

(iii) Basic earnings per share

	2016 VND	2015 VND Restated
Basic earnings per share	911	630

(b) Diluted earnings per share

As at 31 December 2016 and 2015, the Group did not have any potential dilutive ordinary shares. Accordingly, the requirement of presentation for diluted earnings per share is not applied.

37. Cash and cash equivalents

	31/12/2016 VND million	31/12/2015 VND million
Cash on hand, gold	1,636,010	1,472,407
Balances with the SBV	2,389,302	2,742,385
Deposits with other credit institutions with original terms less than three months	15,971,314	6,676,195
Loans to other credit institutions with term less than three months	2,608,733	3,178,075
	22,605,359	14,069,062

38. Employees benefit

	2016 VND million	2015 VND million
Total number of employees	10,006	7,355
Employees' benefits		
1. Total salary and bonus	1,245,639	853,669
2. Other income	73,746	53,842
3. Total income (3 = 1 + 2)	1,319,385	907,511
Average monthly salary and bonus per employee	10	10
Average monthly income per employee	11	10

39. Assets, valuable papers mortgaged, pledged, discounted and rediscounted

(a) Assets, valuable papers mortgaged, pledged, discounted and rediscounted

	31/12/2016	31/12/2015
	VND million	VND million
Assets and valuable papers of customers mortgaged, pledged and discounted		
Properties	100,908,041	63,322,301
Valuable papers	48,059,753	35,000,578
Movable assets	25,982,408	20,421,501
Other assets	33,670,035	34,526,988
	<hr/>	<hr/>
	208,620,237	153,271,368
<hr/>		
Assets and valuable papers of other credit institution mortgaged, pledged and discounted		
Valuable papers	450,000	450,000
	<hr/>	<hr/>
	209,070,237	153,721,368
	<hr/>	<hr/>

(b) Assets, valuable papers mortgaged, pledged, discounted and rediscounted

	31/12/2016	31/12/2015
	VND million	VND million
Investment securities	7,154,000	4,429,000
	<hr/>	<hr/>

40. Contingent liabilities and commitments

	31/12/2016			31/12/2015		
	Contractual value – gross VND million	Deposits VND million	Contractual value – net VND million	Contractual value – gross VND million	Deposits VND million	Contractual value – net VND million
Lending guarantees	9,862	-	9,862	12,062	-	12,062
Commitments on foreign exchange transactions	35,669,948	-	35,669,948	7,716,776	-	7,716,776
<i>Of which:</i>						
▪ Commitments on purchase of foreign currencies	2,942,536	-	2,942,536	1,590,000	-	1,590,000
▪ Commitments on sale of foreign currencies	1,288,271	-	1,288,271	1,789,655	-	1,789,655
▪ Commitments on foreign currencies swap	31,439,141	-	31,439,141	4,337,121	-	4,337,121
Commitments on letters of credit	1,092,889	(45,921)	1,046,968	1,249,452	(64,609)	1,184,843
Other guarantees	2,730,004	(137,259)	2,592,745	2,064,030	(139,057)	1,924,973

41. Significant transactions with related parties

Balances and significant transactions with related parties at the end of the year and during the year were as follows:

Balance at the year-end	31/12/2016 VND million	31/12/2015 VND million
	Receivables/(payables)	
Major shareholders and related parties of major shareholders		
Term deposits	(186,952)	(245,988)
Demand deposits	(20,974)	(12,700)
Marginal deposits	(46)	-
Interest payables from deposits from cooperation contracts	-	(22,905)
Available-for-sale debt securities	350,000	350,000
Interest income accrual from available-for-sale debt securities	23,819	25,234
Companies which the Bank invests capital in		
Term deposits	(837,775)	(685,418)
Demand deposits	(151,002)	(84,474)
Deposit for payment guarantee	(23)	-
Loans granted	342,812	344,930
Rental deposits	20,000	170,000
Receivables on transfer of assets	315,000	315,000
Advance payment of capital investment to Housing-Development Real Estate Joint Stock Company	6,669	6,669
Accrued interest receivable	5,474	5,501
Accrued receivables of bond transfer to Viet Hung Joint Stock Company	-	280,000
Advance payment of capital investment to Vietjet Aviation Joint Stock Company	-	22,500
Receivables from investment cooperation	-	602,756
Members of the Board of Management, the Board of Directors and the Board of Supervisors		
Savings account	(244,074)	(159,166)
Demand deposits	(97,918)	(5,359)
Loans granted (*)	439,020	32,550
Accrued interest receivable	4,326	167

(*) Balances of loans to Members of the Board of Management, the Board of Directors and the Board of Supervisors as at 31 January 2017 was decreased to VND246,100 million.

Transactions incurred during the year	2016	2015
	VND million	VND million
Major shareholders and related parties of major shareholders		
Deposits	8,408,656	6,893,195
Withdrawals	8,460,840	6,674,615
Loans granted	476,255	500,000
Receive transfer of contributed capital in the investment cooperation contract	-	50,605
Interest income from investment securities	31,287	33,768
Companies which the Bank invests capital in		
Deposits	32,447,722	28,813,557
Withdrawals	32,221,179	27,712,360
Loans granted	476,342	928,214
Interest income	21,949	42,115
Investment cooperation	900,000	600,000
Income from investment cooperation	19,892	23,853
Bond purchase	-	800,000
Income from selling Vietjet's shares	-	410,000
Members of the Board of Management, the Board of Directors and the Board of Supervisors		
Deposits	3,547,239	1,162,717
Withdrawals	3,352,158	1,116,322
Loans granted	560,845	165,750
Interest income	6,644	3,839
Remuneration	38,539	37,353

42. Concentration of assets, liabilities and off-balance sheet commitments by geographical area

As at 31 December 2016		Contingent liabilities and commitments – gross		Investment securities – gross		Long-term investments – gross		Deposits with and loans to other credit institutions – gross		Deposits and borrowings from other credit institution		Derivatives instruments (total contract value)	
Loans and advances to customers – gross	Deposits from customers	Valuable papers issued	commitments – gross	commitments – gross	commitments – gross	investments – gross	investments – gross	institutions – gross	institutions – gross	from other credit institution	from other credit institution	(total contract value)	VND million
VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
82,224,372	103,299,771	11,027,014	3,832,755	35,688,166	495,945	18,347,864	19,343,865	19,314,985					
-	-	-	-	-	-	232,183	340,800	-					
82,224,372	103,299,771	11,027,014	3,832,755	35,688,166	495,945	18,580,047	19,684,665	19,314,985					
As at 31 December 2015													
Loans and advances to customers – gross	Deposits from customers	Valuable papers issued	Contingent liabilities and commitments – gross	Investment securities – gross	Long-term investments – gross	Deposits with and loans to other credit institutions – gross	Deposits and borrowings from other credit institution	Derivatives instruments (total contract value)					
VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million					
56,558,835	74,542,719	7,847,000	3,325,544	22,639,925	530,192	11,533,308	6,594,931	6,344,013					
-	-	-	-	-	-	564,532	-	-					
56,558,835	74,542,719	7,847,000	3,325,544	22,639,925	530,192	12,097,840	6,594,931	6,344,013					

43. Segment reporting

(a) Geographical segment

Year ended 31 December 2016	The Northern region VND million	The Central region VND million	The Southern region VND million	Elimination VND million	Total VND million
I. Income					
1. Interest income	3,720,980	1,326,579	19,911,609	(13,637,866)	11,321,302
2. Fee and commission income	35,560	7,024	124,736	-	167,320
3. Other income	761,543	93,759	4,114,785	-	4,970,087
II. Expenses					
1. Interest expenses	(3,063,534)	(1,019,489)	(16,198,065)	13,637,866	(6,643,222)
2. Depreciation and amortisation	(7,850)	(5,062)	(103,923)	-	(116,835)
3. Other expenses	(1,001,929)	(249,983)	(6,305,502)	-	(7,557,414)
Results before allowance expenses	444,770	152,828	1,543,640	-	2,141,238
Allowance expenses	(104,626)	(22,105)	(866,874)	-	(993,605)
Segment results before tax	340,144	130,723	676,766	-	1,147,633

As at 31 December 2016	The Northern region VND million	The Central region VND million	The Southern region VND million	Elimination VND million	Total VND million
III. Assets					
1. Cash on hand	323,078	188,729	1,124,203	-	1,636,010
2. Fixed assets	34,781	48,155	1,269,024	-	1,351,960
3. Other assets	28,639,293	9,198,771	116,025,443	(6,557,205)	147,306,302
IV. Liabilities					
1. External liabilities	(27,859,986)	(9,097,490)	(100,084,367)	-	(137,041,843)
2. Internal liabilities	(61,441)	(72)	(320,065)	-	(381,578)
3. Other liabilities	(735,581)	(207,370)	(8,542,462)	6,557,205	(2,928,208)

Year ended 31 December 2015	The Northern region VND million	The Central region VND million	The Southern region VND million	Elimination VND million	Total VND million
I. Income					
1. Interest income	2,544,368	887,540	14,268,502	(9,777,932)	7,922,478
2. Fees and commission income	37,140	6,371	190,593	-	234,104
3. Other income	541,079	59,191	3,575,342	-	4,175,612
II. Expenses					
1. Interest expenses	(1,998,766)	(664,360)	(11,792,574)	9,777,932	(4,677,768)
2. Depreciation and amortisation expenses	(7,837)	(4,524)	(91,897)	-	(104,258)
3. Other expenses	(827,383)	(169,090)	(4,830,642)	-	(5,827,115)
Results before allowance expenses	288,601	115,128	1,319,324	-	1,723,053
Allowance expenses	(117,860)	(21,273)	(795,486)	-	(934,619)
Segment results before tax	170,741	93,855	523,838	-	788,434

As at 31 December 2015	The Northern region VND million	The Central region VND million	The Southern region VND million	Elimination VND million	Total VND million
III. Assets					
1. Cash on hand	314,128	108,539	1,049,740	-	1,472,407
2. Fixed assets	16,060	48,436	740,718	-	805,214
3. Other assets	20,486,715	7,074,854	78,504,347	(1,857,602)	104,208,314
IV. Liabilities					
1. External liabilities	(20,063,278)	(5,587,118)	(68,645,138)	-	(94,295,534)
2. Internal liabilities	(90,824)	(21,466)	(355,776)	-	(468,066)
3. Other liabilities	(492,062)	(1,529,390)	(1,716,806)	1,857,602	(1,880,656)

(b) **Business segment**

The Group has activities in commercial banking and asset management.

Year ended 31 December 2016	Finance banking VND million	Asset management VND million	Total VND million
Income	16,424,388	34,321	16,458,709
Expenses	(15,167,806)	(26,435)	(15,194,241)
Depreciation and amortisation expenses	(116,334)	(501)	(116,835)
Segment result before tax	1,140,248	7,385	1,147,633
As at 31 December 2016	Finance banking VND million	Asset management VND million	Total VND million
Assets	150,066,576	227,696	150,294,272
Liabilities	(140,280,548)	(71,081)	(140,351,629)
Year ended 31 December 2015	Finance banking VND million	Asset management VND million	Total VND million
Income	12,301,474	30,720	12,332,194
Expenses	(11,411,940)	(27,562)	(11,439,502)
Depreciation and amortisation expenses	(103,930)	(328)	(104,258)
Segment result before tax	785,604	2,830	788,434
As at 31 December 2015	Finance banking VND million	Asset management VND million	Total VND million
Assets	105,701,233	784,702	106,485,935
Liabilities	(96,010,238)	(634,018)	(96,644,256)

44. Financial risk management

(a) Financial risk management

(i) Overview

Risk is always implicit in the Group's operation but it is managed by detective procedures, periodical evaluation depending on the risk limit and other existed controls. The risk management process is critical for the Group's profitability and each individual of the Group has responsibility to prevent risks relating to their work. The Group is exposed to risks such as: credit risk, liquidity risk, market risk (classified as business risk and non-business risk). In addition, the Group is also exposed to operational risk.

The independent risk control process does not take into account business risks such as changes in environment, technology and industry structure. These risks are controlled by strategy planning process of the Group.

(ii) Risk management framework

Risk management structure

The Board of Management is ultimately responsible for identifying and controlling risks. However, each separate member shall be responsible for managing and monitoring risks.

Board of Management

The Board of Management is responsible for monitoring the overall risk management process within the Group.

Risk Management Committee

Risk Management Committee advises the Board of Management in the promulgation of procedures and policies under their jurisdiction relating to risk management in the Group's activities.

Risk Management Committee analyses and provides warnings on the potential risks that may affect the Group's operation and preventive measures in the short term as well as long term.

Risk Management Committee reviews, evaluates the appropriateness and effectiveness of the risk management of procedures and policies of the Group to make recommendations to the Board of Management on the improvement of procedures, policies and operational strategies.

Board of Supervisors

The Board of Supervisors has the responsibility to control the overall risk management process within the Group.

Internal Audit

According to the annual internal audit plan, business processes of the Group are audited annually by the internal audit function, which examines both the adequacy and compliance of the procedures. Internal Audit discusses the results of all assessments with the Board of Management, and reports its findings and recommendations to the Board of Supervisors.

Risk measurement and reporting systems

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models.

Monitoring and controlling risks is primarily performed based on limits established by the Group in compliance with the SBV's regulations. These limits reflect the business strategy and market environment of the Group as well as the level the of risk that the Group is willing to accept.

Information associated with all business activities is examined and processed in order to analyse, control and early identify risks. This information is presented and explained to the Board of Directors, Board of Management, and the departments' heads. The report includes aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Management assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Management receives a comprehensive risk report quarterly which is designed to provide all the necessary information to assess and conclude on the risks of the Group.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business departments have access to extensive, necessary and up-to-date information.

Risk mitigation

The Group actively uses collaterals to reduce its credit risk.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would affect the group of customers' payment obligations or payment receipt rights when due under changes in economic, political or other conditions.

The above concentrations indicate the relative sensitivity of the Group's performance to the developments of a particular industry or geographic allocation.

In order to avoid excessive concentrations of risk, the group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly. Selective risk mitigation method is used within the Group in respect of the industries and other related factors.

(b) Credit risk

The Group is exposed to credit risk in its lending and investment process as well as when it is acting on behalf of its clients or other third parties or when the Group issues a guarantee. Risks when the counterparts are unable to repay the debt are monitored constantly. In order to manage credit risk, the Group only deals with high creditworthy counterparts and, when appropriate, requires collateral. The principal exposure of credit risk arises from the Group's loans to its customers. The level of credit exposure is measured at the carrying amounts of assets on the balance sheet. In addition, the Group is exposed to off-balance sheet credit risks in the form of credit commitments and guarantees.

Management of credit risk

The Group controls and manages credit risk by establishing a credit limit based on the risk tolerance level that the Group specifies for each customer and each industry, and by monitoring risk based on the limit.

The Group has established the credit quality review process that allows to an early prediction of the changes in financial position and payment ability of counter-parties based on qualitative and quantitative factors. The credit limit of each customer is established using the credit rating system in which each customer would be classified at each specific risk level. This level can be changed and updated regularly.

Collateral assets

Collateral assets are valued by a department that is independent of business department based on market price at the time of valuation. Collateral assets valuation is updated every 12 months for real estate and 6 months for movable property.

The main types of collaterals include real estate, movable property and valuable papers. Guidance to assess assets which are movable assets, real estate is being reviewed and updated to comply with the regulations of the SBV.

Commitments and guarantees

In order to meet the financial needs of its customers, the Group issues irrevocable commitments and other contingent liabilities. Commitments and guarantees are also ranked and classified for credit risk.

Credit risk concentration

The level of credit risk concentration of the Group is managed by customer, according to the geographical and business sector.

Not considering collaterals, the Group's maximum exposures to credit risk at the reporting date were as follows:

	31/12/2016	31/12/2015
	VND million	VND million
Credit risk exposures relating to balance sheet items		
Balances with the SBV	2,389,302	2,742,385
Deposits with and loans to other credit institutions – gross (i)	18,580,047	12,097,840
Held-for-trading securities – gross (ii)	400,000	922,956
Derivatives and other financial assets	-	39,044
Loans and advances to customers – gross (iii)	82,224,372	56,558,835
Purchased debts – gross	8,690	8,690
Investment securities (ii)		
▪ Available-for-sale debt securities – gross	23,412,661	16,505,404
▪ Held-to-maturity investment securities – gross	11,020,813	5,011,604
Accrued interest and fees receivable	3,113,887	1,916,536
Other receivables – gross	4,232,002	6,184,817
	<hr/>	<hr/>
	145,381,774	101,988,111
	<hr/>	<hr/>
Credit risk exposures relating to off-balance items		
Lending guarantees – gross	9,862	12,062
Letters of credit commitments – gross	1,092,889	1,249,452
Other guarantees – gross	2,730,004	2,064,030
	<hr/>	<hr/>
	3,832,755	3,325,544
	<hr/>	<hr/>
	149,214,529	105,313,655
	<hr/>	<hr/>

(i) Deposits with and loans to other credit institutions

Deposits with and loans to other credit institutions of the Group are mainly held with well-known financial institutions. The Bank's Board of Directors does not foresee any significant credit risk from these deposits and loans and does not expect that these financial institutions may default and cause losses to the Group.

(ii) Held-for-trading and investment securities

Board of Directors does not foresee any significant credit risks from these securities and not expect any significant financial losses may arise from these investment securities.

(iii) **Loans and advances to customers**

Loans that are not overdue or undisbursed are primarily from customers with a credible historical payment with the Group.

Analysis of the aging of not yet diminished financial assets at the reporting date was as follows:

As at 31 December 2016					
	From 10 to 90 days VND million	From 91 to 180 days VND million	Overdue From 181 to 360 days VND million	More than 360 days VND million	Total VND million
Loans and receivables					
Loans and advances to customers – gross	151,200	19,828	30,031	107,346	308,405
Other receivables – gross (*)	-	-	-	787,995	787,995
	151,200	19,828	30,031	895,341	1,096,400
As at 31 December 2015					
	From 10 to 90 days VND million	From 91 to 180 days VND million	Overdue From 181 to 360 days VND million	More than 360 days VND million	Total VND million
Loans and receivables					
Loans and advances to customers – gross	125,149	31,563	19,151	108,579	284,442
Other receivables – gross (*)	667,165	-	86,183	-	753,348
	792,314	31,563	105,334	108,579	1,037,790

(*) The overdue status of receivables related to the sale of securities with deferred payment term is calculated based on the maturity date under the original contract, without regard to the extension of the payment terms between the parties.

Analysis of the aging of diminished financial assets at the reporting date was as follows:

As at 31 December 2016	From 10 to	From 91 to	Overdue	More than	Total
	90 days	180 days	From 181	360 days	
	VND million	VND million	to 360 days	VND million	VND million
Loans and advances to customers – gross	1,140,314	356,793	430,668	254,115	2,181,890
Purchased debts – gross	-	-	-	8,690	8,690
Investment securities – gross	-	-	-	300,000	300,000
Other receivables – gross	841	-	4	58,022	58,867
	1,141,155	356,793	430,672	620,827	2,549,447

As at 31 December 2015	From 10 to	From 91 to	Overdue	More than	Total
	90 days	180 days	From 181	360 days	
	VND million	VND million	to 360 days	VND million	VND million
Deposits with and loans to other credit institutions – gross	-	-	-	103,620	103,620
Loans and advances to customers – gross	1,062,546	256,842	316,710	164,246	1,800,344
Purchased debts – gross	-	-	-	8,690	8,690
Other receivables – gross	10,221	-	-	81,773	91,994
	1,072,767	256,842	316,710	358,329	2,004,648

See Note 39 regarding the types and value collateral assets received from customers. The Group has not determined fair values of collateral assets for overdue and impaired financial assets because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV and the relevant statutory requirements applicable to financial reporting. The fair values of these collateral assets may differ from their carrying amounts.

(c) Market risk

Market risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity instruments, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and share prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument fluctuate due to a change in market interest rates. The Group will be exposed to interest rate risk as a result of mismatched or discrepancies between the maturity date or the repricing date of interest rates on assets and liabilities and off-balance sheet instruments over a given period of time. The Group manages this risk by balancing the repricing date of interest rate on assets and liabilities.

Analysis of assets and liabilities in term of actual interest repricing period

The actual interest repricing period is the period from the reporting date to the contractual repricing date or maturity date of assets and liabilities, whichever is earlier.

The following assumptions and conditions are applied in analysing the actual interest repricing period of assets and liabilities of the Group:

- Cash on hand, gold; derivatives and other financial assets; capital contribution, long-term investments; other assets (including fixed assets, investment properties and other assets) and other liabilities are categorised as interest free items.
- Balances with the SBV are classified as demand deposits so the interest repricing period is categorised as up to 1 month.
- The actual interest repricing period of investment securities is calculated by the actual maturity at the reporting date for each securities.
- The actual interest repricing period of deposits with and loans to other credit institutions; loans and advances to customers; deposits and borrowings from other credit institutions and deposits from customers are defined as follows:
 - Fixed-rate items throughout the life of the contract: the effective interest rate rescheduling term is based on the contract's remaining period of time from the reporting date.
 - Floating rate items: the repricing term is based on the most recent repricing period from the reporting date.
- The actual interest repricing period of the valuable papers issued is based on the maturity date of each type of valuable papers.

The following table presents the Group's assets and liabilities classified by the shorter period of the repricing period or maturity date at the reporting date.

Ho Chi Minh City Development Joint Stock Commercial Bank
HD Tower, 25 Bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam
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As at 31 December 2016	Overdue VND million	Interest free VND million	Up to 1 month VND million	From 1 to 3 months VND million	From over 3 to 6 months VND million	From over 6 to 12 months VND million	From over 1 to 5 years VND million	More than 5 years VND million	Total VND million
Assets									
Cash on hand, gold	-	1,636,010	-	-	-	-	-	-	1,636,010
Balances with the State Bank of Vietnam	-	250,000	2,139,302	-	-	-	-	-	2,389,302
Deposits with and loans to other credit institutions	-	-	14,737,205	3,842,842	-	-	-	-	18,580,047
Held-for-trading securities – gross	-	400,000	-	-	-	-	-	-	400,000
Loans and advances to customers – gross	2,490,295	-	6,317,231	73,416,846	-	-	-	-	82,224,372
Purchased debts – gross	8,690	-	-	-	-	-	-	-	8,690
Investment securities – gross	300,000	3,083,777	334,959	1,837,730	1,505,537	3,269,107	22,369,054	2,588,002	35,288,166
Long-term investments – gross	-	495,945	-	-	-	-	-	-	495,945
Fixed assets	-	1,351,960	-	-	-	-	-	-	1,351,960
Investment properties	-	88,381	-	-	-	-	-	-	88,381
Other assets – gross	644,965	4,166,429	89,604	504,851	800,582	994,301	2,427,146	304,254	9,932,132
	3,443,950	11,472,502	23,618,301	79,602,269	2,306,119	4,263,408	24,796,200	2,892,256	152,395,005
Liabilities									
Borrowings from the Government and the SBV	-	-	-	177,635	-	-	-	-	177,635
Deposits and borrowings from other credit institutions	-	-	17,036,604	1,165,091	261,280	880,890	340,800	-	19,684,665
Deposits from customers	-	-	35,639,747	18,054,637	17,405,152	24,890,258	7,308,860	1,117	103,299,771
Derivatives and other financial liabilities	-	9,326	-	-	-	-	-	-	9,326
Funds, entrusted investments receipts	-	-	7,080	2,836,352	-	-	-	-	2,843,432
borrowings at risk of credit institution	-	-	270,014	1,351,000	1,252,000	2,778,000	2,876,000	2,500,000	11,027,014
Valuable papers issued	-	3,309,786	-	-	-	-	-	-	3,309,786
Other liabilities	-	-	-	-	-	-	-	-	-
	-	3,319,112	52,953,445	23,584,715	18,918,432	28,549,148	10,525,660	2,501,117	140,351,629
Interest sensitivity gap of balance sheet items	3,443,950	8,153,390	(29,335,144)	56,017,554	(16,612,313)	(24,285,740)	14,270,540	391,139	12,043,376
Interest sensitivity gap of off-balance sheet items	-	(3,832,755)	-	-	-	-	-	-	(3,832,755)
Total interest gap	3,443,950	4,320,635	(29,335,144)	56,017,554	(16,612,313)	(24,285,740)	14,270,540	391,139	8,210,621

Ho Chi Minh City Development Joint Stock Commercial Bank
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dated 31 December 2014 of the State Bank of Vietnam)

As at 31 December 2015

	Overdue VND million	Interest free VND million	Up to 1 month VND million	From 1 to 3 months VND million	From over 3 to 6 months VND million	From over 6 to 12 months VND million	From over 1 to 5 years VND million	More than 5 years VND million	Total VND million
Assets									
Cash on hand, gold	-	1,472,407	-	-	-	-	-	-	1,472,407
Balances with the SBV	-	-	2,742,385	-	-	-	-	-	2,742,385
Deposits with and loans to other credit institutions – gross	103,620	-	5,561,415	5,632,805	50,000	750,000	-	-	12,097,840
Held-for-trading securities – gross	-	922,956	-	-	-	-	-	-	922,956
Derivatives and other financial assets	-	39,044	-	-	-	-	-	-	39,044
Loans and advances to customers – gross	1,625,630	-	2,426,777	48,533,429	396,815	1,891,331	1,684,853	-	56,558,835
Purchased debts – gross	8,690	-	-	-	-	-	-	-	8,690
Investment securities – gross	-	3,212,613	640,724	400,410	303,543	826,030	14,023,273	2,310,376	21,716,969
Long-term investments – gross	-	530,192	-	-	-	-	-	-	530,192
Fixed assets	-	805,214	-	-	-	-	-	-	805,214
Investment properties	-	64,838	-	-	-	-	-	-	64,838
Other assets – gross	-	7,418,881	210,950	126,078	159,129	768,074	2,322,884	9,224	11,015,220
	1,737,940	14,466,145	11,582,251	54,692,722	909,487	4,235,435	18,031,010	2,319,600	107,974,590
Liabilities									
Borrowings from the Government and the SBV	-	-	1,934,053	300,379	3,301	2,759	205,059	42,770	2,488,321
Deposits and borrowings from other credit institutions	-	-	3,537,516	1,677,460	1,201,450	178,505	-	-	6,594,931
Deposits from customers	-	-	25,731,934	14,844,613	12,906,547	17,189,466	3,869,465	694	74,542,719
Funds, entrusted investments receipts	-	-	-	-	8,539	5,016	5,821	2,803,187	2,822,563
borrowings at risk of credit institution	-	-	101,000	200,000	435,000	1,876,000	3,735,000	1,500,000	7,847,000
Valuable papers issued	-	2,348,722	-	-	-	-	-	-	2,348,722
Other liabilities	-	-	-	-	-	-	-	-	-
	-	2,348,722	31,304,503	17,022,452	14,554,837	19,251,746	7,815,345	4,346,651	96,644,256
Interest sensitivity gap of balance sheet items	1,737,940	12,117,423	(19,722,252)	37,670,270	(13,645,350)	(15,016,311)	10,215,665	(2,027,051)	11,330,334
Interest sensitivity gap of off-balance sheet items	-	(3,325,544)	-	-	-	-	-	-	(3,325,544)
Total interest gap	1,737,940	8,791,879	(19,722,252)	37,670,270	(13,645,350)	(15,016,311)	10,215,665	(2,027,051)	8,004,790

The below table describes actual interest rate of risk-bearing financial instruments with term and in different currencies:

As at 31 December 2016	Overdue	Current	Up to 1 month	From 1 to 3 months	From over 3 to 6 months	From over 6 to 12 months	From over 1 to 5 years	More than 5 years
Assets								
Balances with the SBV								
▪ VND	(*)	(*)	1.20%	(*)	(*)	(*)	(*)	(*)
▪ Foreign currency	(*)	(*)	0.05%	(*)	(*)	(*)	(*)	(*)
Deposits with and loans to other credit institutions								
▪ VND	(*)	(*)	2.40% - 5.50%	5.00% - 5.88%	(*)	(*)	(*)	(*)
▪ Foreign currency	(*)	(*)	1.00% - 1.65%	1.40% - 1.60%	(*)	2.30% - 2.40%	(*)	(*)
Loans and advances to customers								
▪ VND (**)	0.00% - 79.02%	(*)	0.00% - 79.02%	0.00% - 79.02%	(*)	(*)	(*)	(*)
▪ Foreign currency	5.30% - 7.45%	(*)	1.80% - 5.50%	1.20% - 7.00%	(*)	(*)	(*)	(*)
Purchased debts								
▪ VND	18.50% - 23.90%	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Investment securities								
▪ VND	8.60% - 10.00%	(*)	8.30% - 12.50%	7.20% - 12.25%	6.00% - 10.00%	5.20% - 9.00%	4.60% - 9.50%	6.20% - 11.10%
Liabilities								
Borrowings from the Government and the SBV								
▪ VND	(*)	(*)	(*)	5.64% - 5.88%	(*)	(*)	(*)	(*)
Deposits and borrowings from other credit institutions								
▪ VND	(*)	(*)	4.20% - 11.00%	4.20% - 11.00%	(*)	9.50% - 10.00%	(*)	(*)
▪ Foreign currency	(*)	(*)	1.50%	(*)	(*)	(*)	(*)	(*)
Deposits from customers								
▪ VND	(*)	(*)	0.10% - 9.50%	4.80% - 7.70%	5.20% - 8.50%	5.18% - 8.35%	6.70% - 9.50%	4.30% - 9.50%
▪ Foreign currency	(*)	(*)	0.00% - 1.20%	0.00% - 1.30%	0.00% - 1.30%	0.00% - 1.30%	0.00% - 1.60%	(*)
Funds, entrusted investments receipts borrowings at risk of credit institution								
▪ VND	(*)	(*)	7.32%	(*)	(*)	(*)	(*)	(*)
▪ Foreign currency	(*)	(*)	0.75%	1.18%	(*)	(*)	(*)	(*)
Valuable papers issued								
▪ VND	(*)	(*)	1.00%	(*)	8.20%	8.15% - 8.40%	7.20% - 8.35%	7.70% - 8.50%



(ii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates against VND, the accounting currency of the Group.

The Group was established and operates in Vietnam. Financial assets and liabilities of the Group are mainly denominated in VND, with the remainder mainly in USD, EUR and gold. However, some of the Group financial assets and liabilities are in currencies other than VND, USD, EUR and gold. The Group's management have set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

The followings are the significant exchange rates applied by the Group at the reporting date:

	Exchange rate as at	
	31/12/2016	31/12/2015
USD/VND	22,159	21,890
EUR/VND	23,876	24,489
XAU/VND (one tenth of a tael)	3,580,000	3,255,000

As at 31 December 2016	USD VND million	Gold VND million	EUR VND million	Other currencies VND million	Total VND million
Assets					
Cash on hand, gold	652,153	9,499	165,610	134,731	961,993
Balances with the State Bank of Vietnam	27,752	-	-	-	27,752
Deposits with and loans to other credit institutions	1,097,809	-	7,371,649	26,442	8,495,900
Derivatives and other financial assets	4,079,913	-	-	-	4,079,913
Loans and advances to customers – gross	4,558,860	-	-	-	4,558,860
Other assets – gross	21,869	-	-	-	21,869
	10,438,356	9,499	7,537,259	161,173	18,146,287
Liabilities and equity					
Deposits and borrowings from other credit institutions	5,437,314	-	-	-	5,437,314
Deposits from customers	2,340,613	-	97,050	83,276	2,520,939
Derivatives and other financial liabilities	-	-	7,427,824	63,781	7,491,605
Funds, entrusted investments receipts, borrowings at risk of credit institution	2,837,611	-	-	-	2,837,611
Other liabilities	35,766	230	5,241	17,133	58,370
	10,651,304	230	7,530,115	164,190	18,345,839
FX position on-balance sheet	(212,948)	9,269	7,144	(3,017)	(199,552)
FX position off-balance sheet	79,225	-	-	(17,219)	62,006
Total FX position on and off-balance sheet	(133,723)	9,269	7,144	(20,236)	(137,546)

As at 31 December 2015	USD	Gold	EUR	Other currencies	Total
	VND million	VND million	VND million	VND million	VND million
Assets					
Cash on hand, gold	403,354	12,751	294,790	122,003	832,898
Balances with the State Bank of Vietnam	248,565	-	-	-	248,565
Deposits with and loans to other credit institutions – gross	2,503,962	-	12,319	24,313	2,540,594
Derivatives and other financial assets	369,850	-	-	-	369,850
Loans and advances to customers – gross	2,950,708	537	-	-	2,951,245
Other assets – gross	58,778	-	-	3,925	62,703
	6,535,217	13,288	307,109	150,241	7,005,855
Liabilities and equity					
Borrowings from the Government and the SBV	701,415	-	-	-	701,415
Deposits from customers	3,073,282	-	130,723	79,137	3,283,142
Derivatives and other financial liabilities	-	-	171,423	22,375	193,798
Funds, entrusted investments receipts, borrowings at risk of credit institution	2,803,187	-	-	-	2,803,187
Other liabilities	14,072	220	2,877	29,235	46,404
	6,591,956	220	305,023	130,747	7,027,946
FX position on-balance sheet	(56,739)	13,068	2,086	19,494	(22,091)
FX position off-balance sheet	(162,355)	-	-	(13,081)	(175,436)
Total FX position on and off-balance sheet	(219,094)	13,068	2,086	6,413	(197,527)

Below is an analysis of the possible impact on profit after tax of the Group, after taking into account the current level of exchange rates and the historical volatility as well as market expectations at the reporting date.

	Effect to profit after tax VND million Increase/ (decrease)
As at 31 December 2016	
USD (1% strengthening)	(1,070)
EUR (3% weakening)	(171)
XAU (10% strengthening)	742
<hr/>	
As at 31 December 2015	
USD (3% strengthening)	(5,127)
EUR (5% weakening)	(81)
XAU (7% weakening)	(714)
<hr/>	

The opposite movement of the currencies would have the equal but opposite effect to profit after tax of the Group as at 31 December 2016 and 2015.

(iii) Equity price risk

Equity price risk is the risk that the market value of securities decreases due to changes in price of individual securities. Equity price risk derives from available-for-sale equity securities of the Group.

Available-for-sale equity securities of the Group bear the equity price risk resulting from the uncertainties in fluctuation of equity price in the future of these securities. The Group manages the equity price risk by diversification and prudence in selection of investment securities within the approved limit.

(iv) Sensitivity analysis

Changes in market risks can result in increase or decrease the profit which the Group has recognised.

The sensitivity assessment of market risk can be made based on changes to main risk factors such as interest rate, foreign exchange rate and stock prices while other factors are kept constant. The Group will analyse and present the sensitivity analysis of its market risks when it has detailed guidance from the regulators.

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations at the time when the financial obligation arises, or the Group is able to discharge its obligations upon maturity but suffer a material loss.

To reduce the liquidity risk, the Group has to mobilise from various capitals besides the basic capital of the Group and the Group has asset management policies which have flexible liquidity, monitors the future cash flows and available ability of current guaranteed assets in case of mobilising more capital.

The following assumptions and conditions are applied in analysing the maturity of assets and liabilities of the Group:

- The balances with the SBV are classified as demand deposits in which statutory reserve deposit is included. The balance of compulsory reserve depends on elements and term of deposits from customers of the Group.
- The maturity of deposits with and loans to other credit institutions, derivatives and other financial assets and loans and advances to customers are determined based on the contractual maturity date. The actual maturity date can be changed as the loans contracts are extended.
- The maturity of investment securities is based on the contractual maturity date of each securities.
- The maturity of long-term investment is categorised over 5 years because these investments do not have exact maturity date and the Group has intention to hold for them in long-term.
- The maturity of fixed assets is determined by the remaining useful lives of assets.
- The maturity of deposits and borrowings from other credit institutions and deposits from customers is determined based on the features of these items or the maturity date specified in the contracts. Demand deposits from other credit institutions and customers are transacted as required by customer and categorised as current deposits. The maturity for borrowings and term deposits are determined based on contractual maturity date. In practice, these amounts may be rotated, and therefore, last beyond the original maturity date.

Below table shows the analysis of the maturity of assets and liabilities of the Group based on the remaining term from the reporting date to the maturity date. In fact, the maturity term of assets and liabilities may be different from agreements, depending on the signed contractual annex.

Ho Chi Minh City Development Joint Stock Commercial Bank
HD Tower, 25 Bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

Form B05/TCID-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the State Bank of Vietnam)

	Overdue		Current		Total
	Over 3 months VND million	Up to 3 months VND million	From over 1 to 3 months VND million	From over 1 to 5 years VND million	
As at 31 December 2016					
Assets					
Cash on hand, gold	-	1,636,010	-	-	1,636,010
Balances with the SBV	-	2,389,302	-	-	2,389,302
Deposits with and loans to other credit institutions – gross	-	14,737,205	3,842,842	-	18,580,047
Available-for-sale securities – gross	-	-	-	400,000	400,000
Loans and advances to customers – gross	1,198,781	1,291,514	11,641,906	20,172,433	82,224,372
Purchased debts – gross	8,690	-	-	-	8,690
Investment securities – gross	300,000	1,054,974	557,730	24,582,815	35,288,166
Long-term investments – gross	-	-	-	-	495,945
Fixed assets	-	775,189	6,810	138,082	1,351,960
Investment properties	-	-	-	-	88,381
Other assets – gross	58,026	586,939	530,340	2,864,927	9,932,132
	1,565,497	1,878,453	16,579,628	47,758,257	152,395,005
Liabilities					
Borrowings from the Government and the SBV	-	154	819	154,119	11,888
Deposits and borrowings from other credit institutions	-	17,036,604	1,165,091	340,800	-
Deposits from customers	-	35,639,747	18,054,637	7,308,860	1,117
Derivatives and other financial assets	-	1,762	8,508	(944)	-
Funds, entrusted investments receipts, borrowings at risk of credit institution	-	-	-	4,130	2,837,611
Valuable papers issued	-	270,014	1,351,000	2,876,000	2,500,000
Other liabilities	-	906,936	716,679	252,816	120,027
	-	53,855,217	21,296,734	48,794,749	5,470,643
	1,565,497	1,878,453	(4,717,106)	36,823,971	21,828,634
Net liquidity gap					
					12,043,376

Ho Chi Minh City Development Joint Stock Commercial Bank
HD Tower, 25 Bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the State Bank of Vietnam)

	Overdue		Up to 3 months VND million	Up to 1 month VND million	From over 1 to 3 months VND million	Current From over 3 to 12 months VND million	From over 1 to 5 years VND million	More than 5 years VND million	Total VND million
	Over 3 months VND million	Up to 3 months							
Assets									
Cash on hand, gold	-	-	-	1,472,407	-	-	-	-	1,472,407
Balances with the SBV	-	-	-	2,742,385	-	-	-	-	2,742,385
Deposits with and loans to other credit institutions – gross	103,620	-	-	5,561,415	5,632,805	800,000	-	-	12,097,840
Available-for-sale securities – gross	-	-	-	-	-	922,956	-	-	922,956
Derivatives and other financial assets	-	-	-	(938)	41,658	(1,676)	-	-	39,044
Loans and advances to customers – gross	763,027	862,603	862,603	2,900,498	5,178,031	16,120,421	18,405,942	12,328,313	56,558,835
Purchased debts – gross	8,690	-	-	-	-	-	-	-	8,690
Investment securities – gross	-	-	-	840,685	400,410	1,129,573	17,035,925	2,310,376	21,716,969
Long-term investments – gross	-	-	-	-	-	-	-	530,192	530,192
Fixed assets	-	-	-	18,486	552	7,214	192,967	585,995	805,214
Investment properties	-	-	-	-	-	-	-	64,838	64,838
Other assets – gross	81,773	10,221	10,221	1,398,952	920,903	2,482,984	5,578,161	542,226	11,015,220
	957,110	872,824	872,824	14,933,890	12,174,359	21,461,472	41,212,995	16,361,940	107,974,590
Liabilities									
Borrowings from the Government and the SBV	-	-	-	1,934,053	300,379	6,060	205,059	42,770	2,488,321
Deposits and borrowings from other credit institutions	-	-	-	3,537,516	1,677,460	1,379,955	-	-	6,594,931
Deposits from customers	-	-	-	25,731,934	14,844,613	30,096,013	3,869,465	694	74,542,719
Funds, entrusted investments receipts, borrowings at risk of credit institution	-	-	-	-	-	13,555	5,821	2,803,187	2,822,563
Valuable papers issued	-	-	-	101,000	200,000	2,311,000	3,735,000	1,500,000	7,847,000
Other liabilities	-	-	-	618,102	561,309	896,417	171,741	101,153	2,348,722
	-	-	-	31,922,605	17,583,761	34,703,000	7,987,086	4,447,804	96,644,256
Net liquidity gap	957,110	872,824	872,824	(16,988,715)	(5,409,402)	(13,241,528)	33,225,909	11,914,136	11,330,334

(e) **Fair values versus carrying amounts**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated balance sheet, are as follows:

	31/12/2016		31/12/2015	
	Carrying value VND million	Fair value VND million	Carrying value VND million	Fair value VND million
<i>Categorised as financial assets at fair value through profit or loss:</i>				
- Derivative instruments and other financial assets	-	(*)	39,044	(*)
- Held-for-trading securities	396,937	(*)	916,034	(*)
<i>Categorised as held-to-maturity investments:</i>				
- Government bond without quoted price	6,291,729	(*)	12	(*)
- Other held-to-maturity investments	4,066,444	(*)	4,624,464	(*)
<i>Categorised as loans and receivables:</i>				
- Balances with the SBV	2,389,302	2,389,302	2,742,385	2,742,385
- Deposits with and loans to other credit institutions	18,580,047	(*)	11,994,220	(*)
- Loans and advances to customers	81,303,975	(*)	55,853,240	(*)
- Purchased debts	5,489	(*)	5,489	(*)
- Receivables	4,196,544	(*)	6,145,828	(*)
- Accrued interest and fees receivable	3,113,887	(*)	1,916,536	(*)
<i>Categorised as available-for-sale financial assets:</i>				
- Government bond without quoted price	18,153,613	(*)	10,109,405	(*)
- Shares with quoted price	108,741	113,388	118,469	120,738
- Shares without quoted price	654,731	(*)	-	-
- Available-for-sale securities investment securities	4,985,833	(*)	6,345,365	(*)
- Long-term investments	384,406	(*)	419,118	(*)

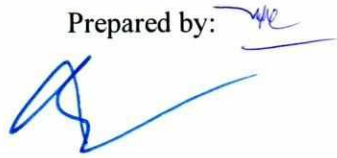
	31/12/2016		31/12/2015	
	Carrying value	Fair value	Carrying value	Fair value
	VND million	VND million	VND million	VND million
<i>Categorised as financial liabilities at amortised cost:</i>				
- Borrowings from the Government and the SBV	177,635	(*)	2,488,321	(*)
- Deposits and borrowings from other credit institutions	19,684,665	(*)	6,594,931	(*)
- Deposits from customers	103,299,771	(*)	74,542,719	(*)
- Funds, entrusted investments receipts, borrowings at risk of credit institution	2,843,432	(*)	2,822,563	(*)
- Valuable papers issued	11,027,014	(*)	7,847,000	(*)
- Interest and fee payables	2,463,250	(*)	1,744,418	(*)
- Other financial liabilities	437,797	(*)	228,249	(*)

(*) The Group has not determined fair values of these financial instruments for disclosure in these consolidated financial statements because there is no market price for these financial instruments and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant requirements applicable to financial reporting. The fair values of these financial instruments may differ from their carrying amounts.

45. Lease commitment

At the reporting date, the future minimum lease payments under non-cancellable operating leases were as follows:

	31/12/2016 VND million	31/12/2015 VND million
Within one year	186,656	150,063
Over one year to five years	419,585	389,096
More than five years	586,127	611,821
	1,192,368	1,150,980

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31 March 2017
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 Nguyen Huu Dang
 General Director