



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

Separate interim financial statements
for the six-month period ended
30 June 2016

Ho Chi Minh City Development Joint Stock Commercial Bank Bank Information

Banking Establishment and Operation Licence No.

00019/NH-GP

6 June 1992

The Banking Establishment and Operation 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 certificate dated 2 October 2015. The Business Registration Certificate was issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Ms. Le Thi Bang Tam	Chairwoman
Ms. Nguyen Thi Phuong Thao	Standing Vice Chairwoman
Mr. Luu Duc Khanh	Vice Chairman
Mr. Diep Dung	Vice Chairman
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

Supervisory Board

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

Board of Management, Finance Director and Chief Accountant

Mr. Nguyen Huu Dang	General Director
Ms. Nguyen Doan Duy Ai	Deputy General Director
Mr. Pham Quoc Thanh	Deputy General Director
Mr. Nguyen Minh Duc	Deputy General Director
Mr. Le Thanh Tung	Deputy General Director
Mr. Pham Thien Long	Deputy General Director
Mr. Le Thanh Trung	Deputy General Director
Mr. Tran Hoai Nam	Deputy General Director
Mr. Le Xuan Vu	Deputy General Director
Mr. Tran Thai Hoa	Deputy General Director
Mr. Pham Van Dau	Finance Director
Ms. Ho Dang Hoang Quyen	Chief Accountant



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

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

Auditor KPMG Limited
Vietnam

11/2/2011

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

The Board of Management of Ho Chi Minh City Development Joint Stock Commercial Bank (“the Bank”) presents this statement and the accompanying separate interim financial statements of the Bank for the six-month period ended 30 June 2016.

The Bank’s Board of Management is responsible for the preparation and fair presentation of the separate interim 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 interim financial reporting. In the opinion of the Bank’s Board of Management:

- (a) the separate interim financial statements set out on pages 6 to 94 give a true and fair view of the unconsolidated financial position of the Bank as at 30 June 2016 and of the unconsolidated results of operations and the unconsolidated cash flows of the Bank for the six-month period 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 interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Bank will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised the accompanying separate interim financial statements for issue.



On behalf of the Board of Management

Nguyen Huu Dang
General Director

Ho Chi Minh City, 29 September 2016



KPMG Limited Branch
10th Floor, Sun Wah Tower
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District 1, Ho Chi Minh City
The Socialist Republic of Vietnam

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INTERIM FINANCIAL INFORMATION REVIEW REPORT

To the Shareholders Ho Chi Minh City Development Joint Stock Commercial Bank

We have reviewed the accompanying separate interim financial statements of Ho Chi Minh City Development Joint Stock Commercial Bank (“the Bank”), which comprise the separate balance sheet as at 30 June 2016, the separate statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Bank’s Board of Management on 29 September 2016, as set out on pages 6 to 94.

The Board of Management’s Responsibility

The Bank’s Board of Management is responsible for the preparation and fair presentation of these separate interim 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 interim financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of separate interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410 – *Review of interim financial information performed by the independent auditor of the entity*.

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

Auditor’s Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of Ho Chi Minh City Development Joint Stock Commercial Bank as at 30 June 2016 and of their unconsolidated results of operations and their unconsolidated cash flows for the six-month period 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 interim financial reporting.



Other Matter

The separate financial statements of the Bank for the year ended 31 December 2015 and the separate interim financial statements for the six-month period ended 30 June 2015 were audited and reviewed by another firm of auditors whose audit report dated 29 April 2016 and review report dated 31 October 2015 expressed an unqualified opinion and an unqualified review conclusion on those statements, respectively.

KPMG Limited's Branch in Ho Chi Minh City



Review Report No.: 16-01-160

Trương Vinh Phúc

Practicing Auditor Registration
Certificate No. 1901-2013-007-1
Deputy General Director

Ho Chi Minh City, 29 September 2016

	Note	30/6/2016 VND million	31/12/2015 VND million
A ASSETS			
I Cash on hand, gold	4	1,569,481	1,465,199
II Balances with the State Bank of Vietnam	5	1,490,741	2,720,588
III Deposits with and loans to other credit institutions	6	14,667,774	12,660,186
1 Deposits with other credit institutions		8,230,283	6,750,781
2 Loans to other credit institutions		6,437,491	6,013,025
3 Allowance for losses		-	(103,620)
IV Trading securities	7	916,034	916,034
1 Trading securities		922,956	922,956
2 Allowance for losses on trading securities		(6,922)	(6,922)
V Derivatives and other financial assets	8	111,347	46,428
VI Loans and advances to customers		64,958,448	51,904,159
1 Loans and advances to customers	9	65,718,718	52,462,714
2 Allowance for losses on loans and advances to customers	10	(760,270)	(558,555)
VII Purchases of debts	11	5,489	5,489
1 Purchases of debts		8,690	8,690
2 Allowance for losses on purchases of debts		(3,201)	(3,201)
VIII Investment securities	12	27,930,032	21,197,715
1 Available-for-sale securities		24,186,711	16,705,365
2 Held-to-maturity securities		4,455,761	5,011,604
3 Allowance for losses on investment securities		(712,440)	(519,254)
IX Capital contribution, long-term investments	13	899,807	883,806
1 Investments in subsidiaries		464,688	464,688
4 Other long-term investments		547,032	530,192
5 Allowance for diminution in the value of long-term investments		(111,913)	(111,074)
X Fixed assets		737,030	788,463
1 Tangible fixed assets	14	477,820	510,345
a Cost		882,655	870,978
b Accumulated depreciation		(404,835)	(360,633)
3 Intangible fixed assets	15	259,210	278,118
a Cost		382,821	390,522
b Accumulated amortisation		(123,611)	(112,404)
XII Other assets	16	9,628,696	9,727,116
1 Receivables		6,009,951	6,811,181
2 Accrued interest and fees receivable		2,593,913	1,832,445
3 Deferred tax assets		23,636	23,636
4 Other assets		1,042,688	1,098,843
5 Allowance for losses on other assets		(41,492)	(38,989)
TOTAL ASSETS		122,914,879	102,315,183


The accompanying notes are an integral part of these separate interim financial statements


	Note	30/6/2016 VND million	31/12/2015 VND million
B			
LIABILITIES AND EQUITY			
LIABILITIES			
I			
Borrowings from the Government and the State Bank of Vietnam	17	221,763	2,488,321
II			
Deposits and borrowings from other credit institutions	18	10,437,483	5,894,444
1 Deposits from other credit institutions		7,597,737	3,249,444
2 Borrowings from other credit institutions		2,839,746	2,645,000
III			
Deposits from customers	19	93,222,173	74,583,393
V			
Grants, entrusted funds, loans exposed to risks	20	2,811,847	2,822,563
VI			
Valuable papers issued	21	5,300,000	5,300,000
VII			
Other liabilities		2,233,288	2,016,942
1 Accrued interest and fees payable		1,812,791	1,672,100
3 Other liabilities	22	420,497	344,842
TOTAL LIABILITIES		114,226,554	93,105,663
EQUITY			
VIII			
Owners' equity	24	8,688,325	9,209,520
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		413,563	352,881
4 Foreign exchange differences		4,528	-
5 Retained profits		165,548	751,953
TOTAL EQUITY		8,688,325	9,209,520
TOTAL LIABILITIES AND EQUITY		122,914,879	102,315,183

The accompanying notes are an integral part of these separate interim financial statements

		30/6/2016	31/12/2015
	Note	VND million	VND million
OFF-BALANCE SHEET ITEMS			
1	Lending guarantees	10,962	12,062
2	Commitments on foreign exchange transactions	23,070,590	7,325,597
	In which:		
	▪ <i>Commitments on purchases of foreign currency</i>	4,297,335	1,590,000
	▪ <i>Commitments on sales of foreign currency</i>	3,131,606	1,789,655
	▪ <i>Commitments on currency swap transactions</i>	15,641,649	3,945,942
4	Letters of credit commitments	1,359,758	1,184,843
5	Other guarantees	3,104,185	1,924,973

29 September 2016

Prepared by: 



Ho Dang Hoang Quyen
Chief Accountant

Reviewed by:



Pham Van Dau
Finance Director



Approved by:
 Nguyen Huu Dang
General Director

			Six-month period ended	
			30/6/2016	30/6/2015
		Note	VND million	VND million
1	Interest and similar income	25	3,920,873	2,986,446
2	Interest and similar expenses	25	(2,680,056)	(2,092,248)
I	Net interest income	25	1,240,817	894,198
3	Fee and commission income	26	74,012	166,536
4	Fee and commission expenses	26	(20,149)	(19,111)
II	Net fee and commission income	26	53,863	147,425
III	Net gain from trading of foreign currencies	27	105,829	10,585
IV	Net loss from trading of trading securities		-	(8,984)
V	Net loss from trading of investment securities	28	(88,079)	(19,072)
5	Other income	29	12,447	6,384
6	Other expenses	29	(7,753)	(10,871)
VI	Net other income	29	4,694	(4,487)
VII	Income from capital contribution, share purchase	30	128,475	26,329
VIII	Operating expenses	31	(848,736)	(718,425)
IX	Operating profit before allowance expenses for credit losses		596,863	327,569
X	Allowance expenses for credit losses	32	(268,532)	(222,226)
XI	Profit before tax (carried forward to the next page)		328,331	105,343

	Note	Six-month period ended	
		30/6/2016 VND million	30/6/2015 VND million
XI Profit before tax (brought forward from the previous page)		328,331	105,343
7 Income tax expense – current	33	(40,520)	(19,749)
8 Income tax expense – deferred	33	-	-
XII Total income tax expense	33	(40,520)	(19,749)
XIII Profit after tax		287,811	85,594

29 September 2016

Prepared by: 

Ho Dang Hoang Quyen
Chief Accountant

Reviewed by: 

Pham Van Dau
Finance Director

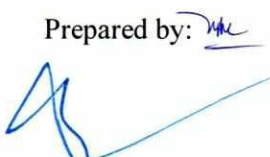
Approved by: 



Nguyen Huu Dang
General Director

		Six-month period ended	
		30/6/2016	30/6/2015
		VND million	VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received	3,082,897	2,876,685
02	Interest and similar expenses paid	(2,539,365)	(2,132,855)
03	Net fee and commission income received	52,897	184,353
04	Net receipts from foreign currencies, gold and securities trading activities	144,119	37,104
05	Other expenses paid	(3,908)	(7,286)
06	Collection of bad debts previously written off	7,386	2,886
07	Salaries and operating expenses paid	(786,484)	(656,103)
08	Corporate income tax paid	(95,136)	(125,255)
Cash flows from operating activities before changes in operating assets and liabilities		(137,594)	179,529
Changes in operating assets			
09	Decrease in deposits with and loans to other credit institutions	858,570	2,859,255
10	Increase in trading securities	(6,925,503)	(1,278,121)
11	Increase in derivatives and other financial assets	(64,919)	(14,221)
12	Increase in loans and advances to customers	(13,256,004)	(2,160,734)
13	Increase in purchases of debts	-	(1,138,624)
14	Utilisation of allowance for losses on loans	(103,170)	(89,764)
15	Decrease in other operating assets	1,061,872	955,716
Changes in operating liabilities			
16	(Decrease)/increase in borrowings from the Government and the State Bank of Vietnam	(2,266,558)	5,945
17	Increase/(decrease) in deposits and borrowings from other credit institutions	4,543,039	(6,467,231)
18	Increase/(decrease) in deposits from customers	18,638,780	(1,478,759)
19	Increase in valuable papers issued	-	400,000
20	Decrease in grants, entrusted funds, loans exposed to risks	(10,716)	(11,813)
21	Increase in other operating liabilities	125,158	131,723
22	Utilisation of reserves	(534)	(1,648)
I	NET CASH FLOWS FROM OPERATING ACTIVITIES	2,462,421	(8,108,747)

		Six-month period ended	
		30/6/2016	30/6/2015
		VND million	VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payment for purchases of fixed assets	(16,730)	(138,584)
02	Proceeds from disposals of fixed assets	10,106	32
03	Payment for disposals of fixed assets	-	(13,833)
07	Payments for investments in other entities	(16,840)	-
08	Proceeds from investments in other entities	-	821,760
09	Receipts of dividends and distributions from capital contribution, long-term investments	3,475	15,623
II	NET CASH FLOWS FROM INVESTING ACTIVITIES	(19,989)	684,998
CASH FLOWS FROM FINANCING ACTIVITIES			
04	Dividends paid	(809,987)	-
III	NET CASH FLOWS FROM FINANCING ACTIVITIES	(809,987)	-
IV	NET CASH FLOWS FOR THE PERIOD	1,632,445	(7,423,749)
V	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	14,011,023	15,274,998
VI	EFFECT OF EXCHANGE RATE FLUCTUATIONS	4,528	(12,507)
VII	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 34)	15,647,996	7,838,742

Prepared by: 
 Ho Dang Hoang Quy
 Chief Accountant

29 September 2016
 Reviewed by: 
 Pham Van Dau
 Finance Director

Approved by: 

 Nguyen Huu Dang
 General Director

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

1. Reporting entity

(a) Establishment and operation

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

The principal activities of the Bank are to mobilise and receive short, medium and long-term deposits from organisations and individuals; to make short, medium and long-term loans to organisations and individuals based on the nature and capability of the Bank’s capital resources; to conduct foreign currency transactions; to provide international trade finance services; to discount commercial notes, bonds and other valuable papers; to provide settlement services and other banking services allowed by the SBV.

(b) Charter capital

As at 30 June 2016 and 31 December 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 Building, 25 Bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam. As at 30 June 2016, the Bank had one (1) head office, one (1) representative office in Northern area, fifty two (52) branches and one hundred and sixty seven (167) transaction offices nation-wide (31/12/2015: one (1) head office, one (1) representative office in Northern area, fifty one (51) branches and one hundred and sixty seven (167) transaction offices nation-wide).

(d) Subsidiaries

As at 30 June 2016 and 31 December 2015, the Bank had two (2) following subsidiaries:

Name of subsidiary	Operation licence	Nature of business	Percentage of equity owned and voting rights	
			30/6/2016	31/12/2015
Ho Chi Minh City Development Joint Stock Commercial Bank – Assets Management Company Limited (“HD AMC”)	No. 3602376446 dated 13 January 2015	Asset management	100%	100%
HD SAISON Finance Co., Ltd (“HD SAISON”)	No. 0304990133 dated 10 April 2015	Banking finance	50%	50%

All of the subsidiaries are established in Vietnam.

(e) Number of employees

As at 30 June 2016, the Bank had 4,277 employees (31/12/2015: 4,108 employees).

2. Basis of preparation

(a) Statement of compliance

The separate interim 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 interim financial reporting. These standards and statutory requirements may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards in other countries. Accordingly, the accompanying separate interim financial statements are not intended to present the unconsolidated financial position and unconsolidated results of operations and unconsolidated 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 Vietnam’s accounting principles, procedures and practices applicable to credit institutions (“CI”).

These separate interim financial statements should be read in conjunction with the separate financial statements for the year ended 31 December 2015.

The Bank also prepares its consolidated interim financial statements of the Bank and its subsidiaries (“the Group”) in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV and the relevant statutory requirements applicable to interim financial reporting. For a comprehensive understanding of the Group’s consolidated financial position and its consolidated results of operations, these separate interim financial statements should be read in conjunction with the Group’s consolidated interim financial statements for the six-month period ended 30 June 2016.

(b) Basis of measurement

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

(c) Annual accounting period

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

The separate interim financial statements are prepared for the six-month period ended 30 June 2016.

(d) Accounting and presentation currency

The Bank’s accounting currency is Vietnam Dong (“VND”). The separate interim financial statements are prepared and presented in VND rounded to the nearest million (“VND million”).

(e) Form of records applied

The Bank uses accounting software to record its transactions.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Bank in the preparation of these separate interim financial statements.

The accounting policies that have been adopted by the Bank in the preparation of these separate interim financial statements are consistent with those adopted in the preparation of the most recent separate annual financial statements.

(a) 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 period 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 balance sheet at each month-end and are transferred to the separate statement of income at the end of annual accounting period.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, gold, balances with the State Bank of Vietnam, deposits with and loans to other credit institutions with original term to maturity of not more than three months and securities which have maturity dates within three months from the purchase dates.

(c) Deposits with and loans to other credit institutions

Deposits with other credit institutions excluding demand deposits are deposits with other credit institutions with original term to maturity of not more than 3 months.

Loans to other credit institutions are loans with original term to maturity of not more 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 and loans to other credit institutions and allowance thereof is made in accordance with Circular No. 02/2013/TT-NHNN do NHNNVN 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 Bank made the specific allowance for credit losses on deposits with and loans to other credit institutions in accordance with the accounting policy as described in Note 3(f).

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

(d) Derivative financial instruments

Forward and swap currency contracts

Forward currency contracts and swap currency contracts are recorded at the contract values in the separate financial statements. The differences between the currency amounts which are committed to buy/sell at contractual exchange rate and the currency amounts translated at the spot exchange rate at the effective date of the forward currency contracts and swap currency contracts are amortised to the separate statement of income on a straight-line basis over the terms of these contracts.

The positions of forward currency contracts are revalued at the spot exchange rate at each month-end. Unrealised gains/losses are recorded in the foreign exchange differences account in equity on the separate balance sheet at each month-end and transferred to the separate statement of income at the end of the annual accounting period.

(e) Loans and advances to customers

Loans and advances to customers are stated at the amount of 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 over 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.

The Bank derecognises loans and advances to customers when the contractual rights to the cash flows from the loans expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the loans are transferred.

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

Debt classification and allowance for credit losses on loans and advances to customers are made in accordance with Circular 02 and Circular 09 as described in Note 3(f).

(f) Debt classification, allowance level and calculation method of allowance for credit losses

(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 paid have been classified in accordance with the quantitative method as stipulated in Article 10 of Circular 02.

(ii) Specific allowance for credit losses

In accordance with Circular 02 and Circular 09, the specific allowance is calculated based on the outstanding loan balance of each borrower on the last working day of each quarter (for quarter 4, specific allowance is calculated based on the outstanding loan balance of each borrower on the last working day of November) less the discounted value of collateral assets. Specific allowance rates applied to each group of debts were 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 rescheduled terms of repayment for the first time.	5%

Group		Overdue status	Allowance rate
3	Sub-standard debts	(a) Debts being overdue between 91 days and 180 days; or (b) Debts having extended terms of repayment 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 after the issuance date of the recovery decision: <ul style="list-style-type: none"> ▪ Debts having violated regulations specified in Points 1, 3, 4, 5, 6 of Article 126 of Laws on Credit Institutions; or ▪ Debts having violated regulations specified in Points 1, 2, 3, 4 of Article 127 of Laws on Credit Institutions; or ▪ Debts having violated regulations specified in Points 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 rescheduled terms of repayment for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or (c) Debts having rescheduled terms of repayment for the second time; or (d) Debts specified in point (d) of Sub-standard debts not yet collected between 30 days and 60 days after the issuance date of recovery decision; or (e) Debts in the collection process under inspection conclusions but being overdue up to 60 days according to recovery term.	50%
5	Loss debts	(a) Debts being overdue more than 360 days; or (b) Debts having rescheduled terms of repayment for the first time and being overdue more than 90 days according to the first rescheduled terms of repayment; or (c) Debts having rescheduled terms of repayment for the second time and being overdue according to the second reschedule terms of repayment; or (d) Debts having rescheduled terms of repayment 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 not yet collected within 60 days after the issuance date of recovery decision; or (f) Debts in the collection process under inspection conclusions but being overdue of 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 off-balance sheet commitments, the Bank classifies debts based on the overdue days from the date when the Bank performs committed obligation:

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

Where a customer owes more than one debt to the Bank, and has any of its debts transferred to a higher risk group, the Bank 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 Bank participates in a syndicated loan not as the lead bank, the Bank reclassifies all debts (including the syndicated loan) of the customer into a higher risk group of debt as decided by the lead bank, participating banks and by the Bank.

The Bank is also required to use the results of debt classification as provided by the Credit Information Center of the SBV (“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 Bank into a group of debts with lower risk as compared to those provided by CIC, the Bank is required to reclassify such debts and off-balance sheet commitments to the group of debts as provided by CIC.

The allowed value of collaterals is determined in accordance with the following principles as set out in Circular 02:

- Collaterals with value of VND50 billion or more for debts to related parties or other parties subject to credit restriction under Article 127 of Law on Credit Institutions and collaterals with value of VND200 billion or more must be valued by a licensed asset valuation organisation; and
- Other than the above, collaterals are valued in accordance with the Bank’s internal policies and processes.

The maximum allowed value of collaterals is specified in Point 6, Article 12 of Circular 02.

Collaterals that do not satisfy the legal conditions as specified in Point 3, Article 12 of Circular 02 are deemed to have zero allowed value.

(iii) General allowance for credit losses

In accordance with Circular 02, a general allowance is made at 0.75% of the outstanding balance of debts on the last working day of each quarter (for quarter 4, a general allowance is made at 0.75% of the outstanding balance of debts on the last working day of November), excluding the total balance of debts which are classified as loss debts.

(iv) *Writing-off bad debts*

In accordance with Circular 02 and Circular 09, debts are written-off against the allowance when they have been classified to Group 5 or when borrowers have been declared bankrupt or dissolved (for borrowers being organisations and 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 debts previously written-off, including proceeds from sales of collaterals against those loans, are recognised in the separate statement of income upon receipt.

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

In accordance with Circular 02 and Circular 09, the debt classification of off-balance sheet commitments is done solely for risk management, credit quality supervision of credit granting activities. The Bank is not required to make provision for off-balance sheet commitments, except where the Bank has been required to made payment under the guarantee contract, in which case the payment on behalf is classified and allowance for credit losses is made in accordance with the accounting policy as described in Note 3(f)(ii).

(g) *Purchases of debts*

(i) *Purchases of debts*

The value of purchases of debts are recognised at the purchasing price on the contract. The interest received is recorded in the separate statement of income, except the interest incurred before the Bank purchasing the debts which will be reduced the value of purchases of debts.

(ii) *Allowance for losses on purchases of debts*

The purchases of debts are classified into the group with risk not lower than the group that the debts are classified into by the sellers before purchasing and the allowance is made in accordance with the method as described in Note 3(f).



(h) Trading securities

Classification

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 Bank recognises trading securities on the date it becomes a party to the contractual provisions of these securities (trade date accounting).

Measurement

Trading 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(f).

Other 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 trading securities, the market price is the closing price of securities obtained from the Ho Chi Minh City Stock Exchange or from the Hanoi Stock Exchange at the reporting date.

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

For unlisted 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.

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 debt 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(f), no allowance is made and such securities are stated at cost.

Interest income during the holding period of trading securities is recognised in the separate statement of income upon receipt.

The allowance for credit losses on trading unlisted bonds issued by enterprises and allowance for diminution in the value of other 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

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

(i) 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 Bank 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(f).

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 from the Hanoi Stock Exchange at the reporting date.

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

For unlisted available-for-sale 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.

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

Post-acquisition interest income of available-for-sale securities is recognised in the separate 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 Bank 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 Bank's management has the positive intention and ability to hold until maturity date.

Recognition

The Bank 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. 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(f).

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 Management's assessment.

Premiums and discounts arising from purchases of held-to-maturity securities are amortised to the separate 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 separate 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 Bank 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 Bank’s bad debts.

Recognition

The Bank 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 for every bad debt sold to VAMC, the Bank 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 procedures of selling bad debts, the Bank writes down the book value of bad debts, uses specific allowance made but not yet utilised and derecognises interest receivables recorded in off-balance sheet account. At the same time, the Bank recognises the special bonds issued by VAMC as held-to-maturity securities 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 issued by the SBV regulating the purchase, sale and handling of bad debts of VAMC (“Circular 19”) and Circular No. 14/2015/TT-NHNN dated 28 August 2014 issued by the SBV amending and supplementing certain articles of Circular 19 (“Circular 14”). Accordingly, the minimum specific allowance required to make each year during the term of the special bonds is the positive difference between 20% of the par value of the special bonds less the collected amount of the underlying bad debts during the year. Annually within 5 consecutive working days prior the due date of special bonds, the Bank is required to make the above specific allowance once and is not required to make general allowance for special bonds. Allowance for special bonds is recognised in the separate statement of income.

When receiving debts previously sold to VAMC, the Bank uses specific allowance for losses on 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 separate statement of income.

(j) Investments in subsidiaries

Subsidiaries are entities controlled by the Bank.

Investments in subsidiaries are stated at cost less allowance for diminution in value. Allowance for diminution in value is made in accordance with accounting policy described in Note 3(k).

(k) Other long-term investments

Other long-term investments are investments in equity instruments of entities where the Bank has no control or significant influence. These long-term investments are initially recognised at cost. Subsequent to the initial recognition, they are measured at cost less allowance for diminution in value.

Allowance for diminution in value of long-term investments in economic entities is required if the economic entities suffer losses, except when the loss was anticipated in the initial business plan. The allowance for diminution in value is equal to the difference between the actual capital contributed by all investors and the actual equity multiply (x) with the percentage of actual capital contributed by the Bank over total actual capital contributed by all investors at the reporting date. The allowance is reversed if the recoverable amount increases after the allowance being 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, except for receivables from credit activities and receivables from Shipbuilding Industry Corporation as described in Note 16(vii), are stated at cost less the allowance for 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 described in Note 3(f).

Allowance for losses on other assets are made based on the overdue status of receivables or expected losses on undue debts which may occur 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. The incurred expenses are accounted as the operating expenses during the year.

For the assets which has overdue payments, the Bank applies the allowance rate based on the overdue status as required in Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance as follows:

Overdue status	Allowance rate
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 based on the expected losses of undue receivables are determined by the Bank after giving consideration to the recovery of these receivables.

(m) 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 separate statement of income in the period 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
▪ machinery and equipment	7 - 14 years
▪ motor vehicles	6 - 10 years
▪ office equipment	3 - 10 years
▪ others	3 - 10 years

(n) Intangible fixed assets

(i) Land use rights

Land use rights comprise those acquired in a legitimate transfer.

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 34 to 49 years.

Indefinite 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 5 to 10 years.

(o) Borrowings from the Government and the State Bank of Vietnam

Borrowings from the Government and the State Bank of Vietnam are stated at cost.

(p) Deposits and borrowings from other credit institutions

Deposits and borrowings from other credit institutions are stated at cost.

(q) Deposits from customers

Deposits from customers are stated at cost.

(r) Fiduciary activities

The Bank's fiduciary activities at risk are grants, entrusted fund, loans for use in accordance with specified purposes, the Bank is responsible for repaying when due. The Bank recognises the received funds as grants, entrusted funds, loans and recognises investment, lending activities in the separate financial statements.

(s) Valuable papers issued

Valuable papers issued are stated at cost. Cost of these issued valuable papers comprise proceeds from issuance net off issuance costs.

(t) Other payables

Other payables are stated at cost.

(u) Provision

A provision is recognised if, as a result of a past event, the Bank 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.

Severance allowance and unemployment insurance

Under the Vietnamese Labour Code, when an employee who has worked for the Bank 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 balance to the following year. Accordingly, the Bank 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 Bank 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 Bank for the years of service is recorded as expense in the separate statement of income when it incurs.

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

(v) Taxation

Income tax on the statement of income for the period comprises current and deferred tax. Income tax is recognised in the separate 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 period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

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 reporting date.

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.

(w) 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 Bank 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.

(x) **Reserves**

(i) **Statutory reserves**

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

	Percentage of 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 the financial reserve is to offset residual asset losses and damage occurring 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. The statutory reserves are non-distributable and are classified as part of equity.

(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 Bank's employees. Bonus and welfare fund is established at the shareholders' decision at the General Meeting of the Bank's shareholders and is recognised as other liabilities. The appropriation rate is decided by the shareholders at the General Meeting of the Bank's shareholders.

(iii) **Other reserves**

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

(y) **Off-balance sheet items**

Commitments and contingent liabilities

From time to time, the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and overdraft facilities. The Bank 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.

(z) Interest income

The Bank recognises interest income on an accrual basis, except for interest income from the debts classified in Group 2 to Group 5 as defined in Note 3(f). When debts are classified in Group 2 to Group 5 as defined in Note 3(f) the accrued interest is reversed and recorded in the off-balance sheet. Interest income from these debts is recognised in the separate statement of income upon receipt. Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(aa) Interest expense

Interest expense is recognised in the separate 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.

(bb) Fees and commission income

Fees and commission income include the income from the settlement services, guarantee services, cashier services and other services. Fees and commission income are recognised on an accrual basis.

(cc) Fees and commission expenses

Fees and commission expenses are recognised in the separate statement of income when they incur.

(dd) Dividend income

Dividend receivable in the form of cash is recognised in the separate statement of income when the Bank's right to receive dividend is established.

Dividend received in the form of shares and bonus shares is not recognised as income and the Bank only records the increase in number of shares. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

(ee) Operating lease payments

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

(ff) Related parties

Parties are considered to be related to the Bank 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 Bank 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.

(gg) Segment reporting

A segment is a distinguishable component of the Bank 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 Bank's primary format for segment reporting is based on geographical segments and the secondary format is based on business segments. Currently, the Bank operates in one business segment which is financial services.

(hh) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Bank's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Bank 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 classified by the Bank as held for trading. A financial asset is classified 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
 - it is 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 Bank 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 fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than:

- those that the Bank, upon initial recognition, designates as financial assets at fair value through profit or loss;
- those that the Bank 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 Bank intends to sell immediately or in the near term, which are classified as held for trading and those that the Bank, on initial recognition, designates as financial assets at fair value through profit or loss;
- that the Bank, upon initial recognition, designates as available-for-sale; or

- for which the Bank 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 those 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 Bank as held for trading. A financial liability is classified 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
 - it is 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 Bank 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 liabilities is solely for presentation and disclosure purposes and is not intended to be a description of how the financial instruments are measured. Accounting policies for measurement of financial liabilities 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 separate interim financial statements indicate nil balances.

4. Cash on hand, gold

	30/6/2016 VND million	31/12/2015 VND million
Cash in VND	763,077	632,318
Cash in foreign currencies	789,319	820,130
Gold	17,085	12,751
	1,569,481	1,465,199

5. Balances with the State Bank of Vietnam

These consist of compulsory reserve for liquidity and current account 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	
	30/6/2016	31/12/2015
Preceding month's average deposit balances of:		
<i>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>Overseas credit institutions:</i>		
▪ Deposits in foreign currencies	1%	1%
	30/6/2016 VND million	31/12/2015 VND million
Current account and compulsory reserve		
▪ In VND	1,428,320	2,472,023
▪ In USD	62,421	248,565
	1,490,741	2,720,588

6. Deposits with and loans to other credit institutions

	30/6/2016 VND million	31/12/2015 VND million
Deposits with other credit institutions		
Demand deposits		
▪ Demand deposits in VND	2,032,875	39,876
▪ Demand deposits in foreign currencies	3,581,430	795,727
Term deposits		
▪ Term deposits in VND	2,371,000	4,553,620
▪ Term deposits in foreign currencies	244,978	1,361,558
	8,230,283	6,750,781
Allowance for losses on deposits with other credit institutions (i)	-	(103,620)
	8,230,283	6,647,161
Loans to other credit institutions		
▪ Loans in VND	4,972,000	5,629,950
▪ Loans in foreign currencies	1,465,491	383,075
	6,437,491	6,013,025
	14,667,774	12,660,186

Term deposits and loans to other credit institutions categorised by debt group were as follows:

	30/6/2016 VND million	31/12/2015 VND million
Group 1 - Current debts	9,053,469	11,824,583
Group 5 - Loss debts	-	103,620
	9,053,469	11,928,203

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

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	103,620	7,001
Allowance reversed during the period	(450)	(150)
Allowance utilised during the period	(103,170)	-
Closing balance	-	6,851

7. Trading securities

	30/6/2016	31/12/2015
	VND million	VND million
Debt securities		
Debt securities issued by domestic economic entities (i)	922,956	922,956
Allowance for losses on trading securities (ii)		
General allowance	(6,922)	(6,922)
	916,034	916,034

- (i) Trading securities are categorised into listed and unlisted as follows:

	30/6/2016	31/12/2015
	VND million	VND million
Debt securities		
Unlisted	922,956	922,956

- (ii) Movements in the allowance for losses on trading securities during the period were as follows:

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	6,922	-
Allowance made during the period	-	10,949
Closing balance	6,922	10,949

8. Derivatives and other financial assets

	30 June 2016		
	Total contract value (at foreign exchange rate at the contract date)	Total carrying value (at foreign exchange rate as at 30 June 2016)	
		VND million	Assets VND million
Currency derivatives			
▪ Forward contracts	4,628,736	-	4,080
▪ Currency swap contracts	7,987,588	115,427	-
	12,616,324	115,427	4,080

	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
Currency derivatives			
▪ Forward contracts	3,984,426	17,556	-
▪ Currency swap contracts	1,996,203	28,872	-
	5,980,629	46,428	-

9. Loans and advances to customers

	30/6/2016	31/12/2015
	VND million	VND million
Loans to domestic economic entities and individuals	62,768,358	49,714,307
Discounted transferrable instruments and valuable papers	2,536,343	2,298,677
Overdraft and credit cards	373,641	422,799
Loans to foreign entities and individuals	40,376	26,931
	<hr/>	<hr/>
	65,718,718	52,462,714
	<hr/>	<hr/>

Loan portfolio by debt group was as follows:

	30/6/2016	31/12/2015
	VND million	VND million
Group 1 - Current debts	64,103,368	51,005,081
Group 2 - Special mentioned debts	700,929	775,260
Group 3 - Sub-standard debts	206,596	197,535
Group 4 - Doubtful debts	263,619	234,549
Group 5 - Loss debts	444,206	250,289
	<hr/>	<hr/>
	65,718,718	52,462,714
	<hr/>	<hr/>

Loan portfolio by term was as follows:

	30/6/2016	31/12/2015
	VND million	VND million
Short-term loans	26,123,760	20,588,097
Medium-term loans	21,782,122	17,538,239
Long-term loans	17,812,836	14,336,378
	<hr/>	<hr/>
	65,718,718	52,462,714
	<hr/>	<hr/>

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

	30/6/2016	31/12/2015
	VND million	VND million
Other joint stock companies	24,324,150	15,852,643
Other limited liability companies	11,463,797	10,152,151
100% state-owned limited liability companies	1,594,358	850,032
State-owned joint stock companies	871,688	182,910
Private companies	697,233	730,956
Other state-owned enterprises	674,248	604,735
House-hold business	648,023	692,517
Foreign owned companies	243,237	422,873
Co-operatives	19,556	17,106
Others	340,299	64,477
Individuals	24,842,129	22,892,314
	<hr/>	<hr/>
	65,718,718	52,462,714
	<hr/>	<hr/>

Loan portfolio by business sector of customers was as follows:

	30/6/2016	31/12/2015
	VND million	VND million
Household work, production and consumer services	25,966,514	23,476,264
Construction	7,299,018	5,000,975
Agriculture, forestry and aquaculture	4,226,610	3,795,381
Hotels and restaurants	3,112,275	1,526,513
Real estates	2,668,555	1,557,967
Electricity, gas, hot water, steam producing and distribution and air conditioning	2,525,375	2,016,680
Manufacturing and processing	2,441,524	2,124,555
Wholesale and retail, repair of automobiles, motorcycles and other motors	2,364,150	1,986,680
Finance, banking and insurance	1,467,891	1,430,885
Transportation and warehousing	943,431	1,011,046
Activities of the Communist Party, political and social organisation, state management, security and defense, compulsory social security	547,722	549,748
Administrative operations and support services	476,581	511,028
Information and communication	448,020	218,271
Professional, science and technology	388,183	300,358
Mining exploration	156,858	125,504
Education and training	133,880	220,737
Health care and social relief activities	75,744	85,088
Arts, entertainment and leisure	58,353	63,454
Water supplies and waste treatment	24,699	28,736
Others	10,393,335	6,432,844
	<hr/>	<hr/>
	65,718,718	52,462,714
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10. Allowance for losses on loans and advances to customers

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

	30/6/2016	31/12/2015
	VND million	VND million
General allowance (i)	477,291	368,970
Specific allowance (ii)	282,979	189,585
	<hr/>	<hr/>
	760,270	558,555
	<hr/>	<hr/>

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

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	368,970	257,325
Allowance made during the period (Note 32)	108,321	45,523
	<hr/>	<hr/>
Closing balance	477,291	302,848
	<hr/>	<hr/>

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

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	189,585	142,876
Allowance made during the period (Note 32)	93,394	94,210
Allowance utilised during the period	-	(130)
Allowance utilised for debts sold to VAMC	-	(88,553)
	<hr/>	<hr/>
Closing balance	282,979	148,403
	<hr/>	<hr/>

11. Purchases of debts

	30/6/2016 VND million	31/12/2015 VND million
Purchases of debts in VND	8,690	8,690
Allowance for losses	(3,201)	(3,201)
	5,489	5,489

The principals of purchases of debts were as follows:

	30/6/2016 VND million	31/12/2015 VND million
Principals of purchases of debts (i)	11,383	11,383

- (i) As at 30 June 2016 and 31 December 2015, purchases of debts are classified as Group 5 - Loss debts.

Movements in the allowance for losses during the period were as follows:

	Six-month period ended	
	30/6/2016 VND million	30/6/2015 VND million
Opening balance	3,201	-
Allowance made during the period (Note 32)	-	49,189
Allowance utilised for debts sold to VAMC	-	(1,081)
Closing balance	3,201	48,108



12. Investment securities

	30/6/2016 VND million	31/12/2015 VND million
Available-for-sale securities		
<i>Debt securities</i>		
▪ Government securities (i)	18,142,653	10,109,405
▪ Debt securities issued by other domestic credit institutions	210,000	210,000
▪ Debt securities issued by domestic economic entities	5,634,097	6,185,999
<i>Equity securities</i>		
▪ Equity securities issued by domestic economic entities	199,961	199,961
Allowance for losses on available-for-sale securities		
▪ Allowance for diminution in value (ii)	(90,484)	(81,492)
▪ General allowance (iii)	(40,182)	(50,634)
▪ Specific allowance (iv)	(130,071)	-
	23,925,974	16,573,239
Held-to-maturity securities (excluding special bonds issued by VAMC)		
<i>Debt securities</i>		
▪ Government securities	12	12
▪ Debt securities issued by other domestic credit institutions	1,500,000	1,500,000
▪ Debt securities issued by domestic economic entities	199,801	498,940
Allowance for losses on held-to-maturity securities		
▪ General allowance (v)	(1,498)	(3,740)
	1,698,315	1,995,212
Special bonds issued by VAMC (vi)		
▪ Par value of special bonds	2,755,948	3,012,652
▪ Allowance for special bonds	(450,205)	(383,388)
	2,305,743	2,629,264
	27,930,032	21,197,715

- (i) As at 30 June 2016, VND3,969,662 million (31/12/2015: VND4,961,539 million) of government bonds were pledged for deposits and borrowings from other credit institutions (Note 18(i)).

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

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	81,492	115,526
Allowance made during the period (Note 28)	8,992	47,695
Reclassification to other long-term investments (Note 13(iii))	-	(90,000)
	<hr/>	<hr/>
Closing balance	90,484	73,221
	<hr/>	<hr/>

- (iii) Movements in the general allowance for losses on available-for-sale securities during the period were as follows:

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	50,634	63,012
Allowance reversed during the period (Note 28)	(10,452)	(8,299)
	<hr/>	<hr/>
Closing balance	40,182	54,713
	<hr/>	<hr/>

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

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	-	-
Allowance made during the period (Note 28)	130,071	-
	<hr/>	<hr/>
Closing balance	130,071	-
	<hr/>	<hr/>

- (v) Movements in the general allowance for losses on held-to-maturity securities during the period were as follows:

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	3,740	5,514
Allowance reversed during the period (Note 28)	(2,242)	(1,784)
	<hr/>	<hr/>
Closing balance	1,498	3,730
	<hr/>	<hr/>

- (vi) These are special bonds issued by VAMC in exchange for bad debts sold to VAMC by the Bank with total outstanding principal as at 30 June 2016 of VND3,421,757 million (31/12/2015: VND3,700,059 million). The specific allowance made by the Bank up to the date these debts were sold to VAMC was VND665,809 million (31/12/2015: VND687,407 million). For these special bonds, the Bank made allowance in accordance with the requirements of Circular 19 and Circular 14.

Movements in the allowance for losses on special bonds issued by VAMC during the period were as follows:

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	383,388	-
Allowance made during the period (Note 32)	66,817	33,304
	<hr/>	<hr/>
Closing balance	450,205	33,304
	<hr/>	<hr/>

Securities categorised by debt group were as follows:

	30/6/2016	31/12/2015
	VND million	VND million
Group 1 - Current debts	7,243,898	8,394,939
Group 4 - Doubtful debts	300,000	-
	<hr/>	<hr/>
	7,543,898	8,394,939
	<hr/>	<hr/>

13. Capital contribution, long-term investments

	30/6/2016	31/12/2015
	VND million	VND million
Investments in subsidiaries (i)	464,688	464,688
Other long-term investments (ii)	547,032	530,192
	<hr/>	<hr/>
	1,011,720	994,880
	<hr/>	<hr/>
Allowance for diminution in the value of long-term investments		
▪ Allowance for diminution in the value of other long-term investments (iii)	(111,913)	(111,074)
	<hr/>	<hr/>
	899,807	883,806
	<hr/>	<hr/>

(i) Investments in subsidiaries:

	30/6/2016	31/12/2015
	VND million	VND million
HD SAISON	314,688	314,688
HD AMC	150,000	150,000
	<hr/>	<hr/>
	464,688	464,688
	<hr/>	<hr/>

(ii) Other long-term investments:

	30/6/2016	31/12/2015
	VND million	VND million
Investments in other local credit institutions		
▪ Unlisted entities	19,627	19,627
Investments in local economic entities		
▪ Unlisted entities	527,405	510,565
	<hr/>	<hr/>
	547,032	530,192
	<hr/>	<hr/>

(iii) Movements of allowance for diminution in the value of other long-term investments during the period were as follows:

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	111,074	21,094
Reclassification from available-for-sale securities (Note 12(ii))	-	90,000
Allowance made during the period	839	-
	<hr/>	<hr/>
Closing balance	111,913	111,094
	<hr/>	<hr/>

14. Tangible fixed assets

Six-month period ended 30 June 2016

Cost	Buildings and structures VND million	Office equipment VND million	Motor vehicles VND million	Office equipment VND million	Others VND million	Total VND million
Opening balance	354,739	151,670	161,008	194,320	9,241	870,978
Additions	-	136	-	166	-	302
Transfer from construction in progress	109	191	8,142	4,209	-	12,651
Disposals	(220)	(152)	(636)	(268)	-	(1,276)
Closing balance	354,628	151,845	168,514	198,427	9,241	882,655
Accumulated depreciation						
Opening balance	45,876	93,979	90,023	125,203	5,552	360,633
Charge for the period	7,313	10,020	9,468	17,502	784	45,087
Disposals	(87)	(152)	(493)	(153)	-	(885)
Closing balance	53,102	103,847	98,998	142,552	6,336	404,835
Net book value						
Opening balance	308,863	57,691	70,985	69,117	3,689	510,345
Closing balance	301,526	47,998	69,516	55,875	2,905	477,820

14. Tangible fixed assets (continued)

Six-month period ended 30 June 2015	Buildings and structures VND million	Office equipment VND million	Motor vehicles VND million	Office equipment VND million	Others VND million	Total VND million
Cost						
Opening balance	173,058	134,119	143,004	139,311	7,330	596,822
Additions	50,229	7,104	13,031	24,288	2,002	96,654
Disposals	(69)	(108)	(155)	(284)	-	(616)
Closing balance	223,218	141,115	155,880	163,315	9,332	692,860
Accumulated depreciation						
Opening balance	36,247	75,269	76,508	101,739	4,101	293,864
Charge for the period	3,675	9,445	9,433	9,919	711	33,183
Disposals	(69)	(97)	(155)	(160)	-	(481)
Closing balance	39,853	84,617	85,786	111,498	4,812	326,566
Net book value						
Opening balance	136,811	58,850	66,496	37,572	3,229	302,958
Closing balance	183,365	56,498	70,094	51,817	4,520	366,294

As at 30 June 2016, included in tangible fixed assets were assets costing VND120,662 million (30/6/2015: VND97,003 million) which were fully depreciated but which are still in use.



15. Intangible fixed assets

Six-month period ended 30 June 2016

	Definite land use rights		Indefinite land use rights		Software VND million	Others VND million	Total VND million
	VND million	VND million	VND million	VND million			
Cost							
Opening balance	19,513	222,954		147,704	351		390,522
Transfer from construction in progress	-	-		798	-		798
Disposals	-	(8,499)		-	-		(8,499)
Closing balance	19,513	214,455		148,502	351		382,821
Accumulated amortisation							
Opening balance	1,240	-		110,988	176		112,404
Charge for the period	329	-		10,819	59		11,207
Disposals	-	-		-	-		-
Closing balance	1,569	-		121,807	235		123,611
Net book value							
Opening balance	18,273	222,954		36,716	175		278,118
Closing balance	17,944	214,455		26,695	116		259,210

15. Intangible fixed assets (continued)

	Six-month period ended 30 June 2015		Six-month period ended 30 June 2016		Six-month period ended 30 June 2015		Six-month period ended 30 June 2016	
	Definite land use rights VND million	Indefinite land use rights VND million	Software VND million	Others VND million	Software VND million	Others VND million	Software VND million	Others VND million
Cost								
Opening balance	7,198	152,527	126,927	351	126,927	351	126,927	351
Additions	7,010	27,400	7,520	-	7,520	-	7,520	-
Other decreases	-	-	(3)	-	(3)	-	(3)	-
Closing balance	14,208	179,927	134,444	351	134,444	351	134,444	351
Accumulated amortisation								
Opening balance	854	-	88,970	59	88,970	59	88,970	59
Charge for the period	100	-	10,183	59	10,183	59	10,183	59
Other decreases	-	-	(3)	-	(3)	-	(3)	-
Closing balance	954	-	99,150	118	99,150	118	99,150	118
Net book value								
Opening balance	6,344	152,527	37,957	292	37,957	292	37,957	292
Closing balance	13,254	179,927	35,294	233	35,294	233	35,294	233

As at 30 June 2016, included in intangible fixed assets were assets costing VND48,700 million (30/6/2015: VND30,669 million) which were fully depreciated but which are still in use.

16. Other assets

	30/6/2016	31/12/2015
	VND million	VND million
Receivables		
▪ Receivables from disposal of securities on credit (i)	3,404,001	4,255,992
▪ Advances for purchases of fixed assets (ii)	1,240,200	1,334,137
▪ Receivables from disposal of fixed assets (iii)	315,000	315,000
▪ Advances for operating activities	178,686	133,791
▪ Construction in progress (iv)	147,224	144,245
▪ Receivables from Joint Stock Commercial Bank for Foreign Trade Vietnam – Head Office (“Vietcombank”) (v)	135,597	-
▪ Shared profits receivable from HD SAISON (vi)	125,000	-
▪ Deposits for rental/purchase assets	80,000	10,000
▪ Receivables from Shipbuilding Industry Corporation (“Vinashin”) (vii)	70,779	70,779
▪ Advances for business salary of employees	44,650	757
▪ Deposits for rental/purchase offices	41,720	150,000
▪ Deposits/advances for rental offices, fixed assets and tools, supplies	33,583	74,747
▪ Advances for debt collateral finalisation	22,918	21,178
▪ Advances for saving deposits with prepaid interests	21,583	6,733
▪ Receivables from leasing Abacus Building	14,871	14,871
▪ Advances for capital contribution	11,619	34,119
▪ Receivables from entrusted deposits	9,194	9,194
▪ Receivables from sale of debts	-	95,000
▪ Receivables from share transfer	-	51,905
▪ Others	113,326	88,733
	<hr/> 6,009,951	<hr/> 6,811,181
Accrued interests and fees receivable	2,593,913	1,832,445
Deferred tax assets (Note 33)	23,636	23,636
Other assets		
▪ Prepaid expenses (viii)	602,135	648,544
▪ Foreclosed assets which ownership transferred to the Bank, awaiting finalisation (ix)	405,921	425,057
▪ Tools and supplies	31,182	23,689
▪ Other assets	3,450	1,553
	<hr/> 1,042,688	<hr/> 1,098,843
Allowance for losses on other assets (x)	(41,492)	(38,989)
	<hr/> <hr/> 9,628,696	<hr/> <hr/> 9,727,116

- (i) These are receivables as at 30 June 2016 from individuals and enterprises relating to the contracts of disposal of securities on credit amounting to VND3,230,835 million (31/12/2015: VND3,972,216 million) and interests receivable amounting to VND173,166 million (31/12/2015: VND283,776 million). According to purchase contract and associated appendices, these receivables and related interests receivable will be paid in 2016, 2017, 2018 and 2019.

- (ii) Advances for purchases of fixed assets includes:

	30/6/2016	31/12/2015
	VND million	VND million
Purchases of houses and offices (*)	1,232,039	1,323,453
Motor vehicles	589	950
Fixed assets purchased for implementation of the core banking system in progress	-	798
Purchases of other fixed assets	7,572	8,936
	<hr/>	<hr/>
	1,240,200	1,334,137
	<hr/>	<hr/>

- (*) Balances of purchases of houses and offices as at 30 June 2016 includes:

- Advance of 75% of the contract value amounting to VND448,500 million (31/12/2015: VND448,500 million) and deposit amounting to VND112,000 million (31/12/2015: VND112,000 million) to purchase entire asset at No. 1 Phan Ke Binh Street and No. 58 Nguyen Dinh Chieu Street, Ho Chi Minh City in previous years; and
 - In addition, the Bank also signed contracts to purchase assets including buildings and land use rights for offices, branches and transaction offices amounting to VND671,539 million (31/12/2015: VND762,953 million).
- (iii) Balance as at 30 June 2016 includes a receivable from an economic entity in Vietnam amounting to VND315,000 million relating to the transfer of buildings located at 69 Pham Ngoc Thach Street and 174 Phan Dang Luu Street, Ho Chi Minh City. These amounts will be paid annually in 9 years, with the first payment on 15 November 2016.
- (iv) These are advances for renovation and decoration of offices at branches and transaction offices of the Bank.
- (v) This is the amount transferred from the deposit account of the Bank at Deutsche Bank Frankfurt to the deposit account of the Bank at Vietcombank at the end of 30 June 2016 but Vietcombank had not sent credit advice to the Bank yet. On 1 July 2016, the Bank received credit advice from Vietcombank.
- (vi) These are shared profits receivable from HD SAISON under profit sharing announcement dated 7 April 2016 based on the resolution of the Members' Council of HD SAISON dated 7 April 2016. On 20 July 2016, the Bank received this amount.
- (vii) This is irrecoverable remaining debts of Vinashin which is treated in accordance with guidance from the State Bank of Vietnam and it is amortised to the expenses until 2018.

- (viii) Prepaid expenses include costs of tools and supplies, repairing costs of fixed assets, costs of leasing fixed assets and leasing lines, in which the prepaid expense for lease of 11 floors of building at 25 Bis Nguyen Thi Minh Khai Street and 7 floors of building at 22-24-26 Pasteur Street for the Head Office and branches amounting to VND232,400 million and VND134,621 million, respectively (31/12/2015: VND243,084 million and VND136,181 million).
- (ix) Foreclosed assets which ownership transferred to the Bank, awaiting finalisation are collaterals foreclosed by the Bank to net off doubtful debts including loans and other receivables. The Bank completed the procedures for transfer of ownership of above assets to the Bank at the reporting date.
- (x) Movements in the allowance for losses on other assets during the period were as follows:

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	38,989	20,014
Allowance made during the period	2,503	18,947
Closing balance	41,492	38,961

Other assets with credit risk categorised by debt group were as follows:

	30/6/2016	31/12/2015
	VND million	VND million
Group 1 - Current debts	-	375,000
	-	375,000

17. Borrowings from the Government and the State Bank of Vietnam

	30/6/2016 VND million	31/12/2015 VND million
Borrowings from the SBV through open market	-	2,233,966
Asian Development Bank (i)	24,474	27,305
Japan Bank for International Cooperation (ii)	197,289	227,050
	<hr/>	<hr/>
	221,763	2,488,321

- (i) These borrowings were made under the Credit Financing Project funded by Asian Development Bank through the SBV. According to the agreement dated 16 January 2006 and its amendments dated 24 November 2006 and 11 October 2010 signed with the SBV, total credit limit is VND68,000 million. The borrowings have a term of 20 years from 6 January 2004 and bear interest rate calculated on the basis of the interest rate adjusted at the end of each quarter and using weighted average method of all types of term deposits in the banking system.
- (ii) These borrowings were made under the Credit Financing for Small and Medium Enterprises Project – Phase II and Phase III funded by Japan Bank for International Cooperation (JBIC) through the SBV. According to the agreement dated 1 November 2007, the Bank obtained these loans to support enterprises which meet the criteria of the project.

18. Deposits and borrowings from other credit institutions

	30/6/2016 VND million	31/12/2015 VND million
Demand deposits		
▪ Demand deposits in VND	2,041,094	226,090
▪ Demand deposits in foreign currencies	356	799
Term deposits		
▪ Term deposits in VND (i)	5,140,700	2,814,600
▪ Term deposits in foreign currencies	415,587	207,955
	<hr/>	<hr/>
	7,597,737	3,249,444
Borrowings		
▪ Borrowings in VND (i)	2,796,000	2,645,000
▪ Borrowings in foreign currencies	43,746	-
	<hr/>	<hr/>
	2,839,746	2,645,000
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	10,437,483	5,894,444

- (i) Incuded in these deposits and borrowings were deposits and borrowings amounting to VND2,755,000 million (31/12/2015: VND1,055,000 million) were secured by available-for-sale securities amounting to VND3,969,662 million (31/12/2015: VND4,961,539 million) (Note 12(i)).

19. Deposits from customers

	30/6/2016 VND million	31/12/2015 VND million
Demand deposits		
▪ Demand deposits in VND	9,397,937	4,775,605
▪ Demand deposits in foreign currencies	542,198	825,084
Term deposits		
▪ Term deposits in VND	19,864,574	16,959,285
▪ Term deposits in foreign currencies	249,529	260,734
Saving deposits		
▪ Saving deposits in VND	61,121,624	48,999,743
▪ Saving deposits in foreign currencies	1,414,197	1,999,059
Specialised capital deposits		
▪ Specialised capital deposits in VND	132,784	230,394
▪ Specialised capital deposits in foreign currencies	9,364	144,576
Margin deposits		
▪ Margin deposits in VND	118,192	174,161
▪ Margin deposits in foreign currencies	57,976	53,689
Other payables to the customers		
Other saving deposits in VND	313,798	161,063
	93,222,173	74,583,393

Deposits from customers by type of customer and type of business were as follows:

	30/6/2016 VND million	31/12/2015 VND million
Individuals	63,904,861	47,878,740
Other joint stock companies	11,375,845	8,237,741
Other state-owned enterprises	3,907,417	3,359,292
100% state-owned limited liability companies	3,913,020	3,737,735
Other limited liability companies	3,407,094	3,326,806
Household businesses	2,679,897	3,242,873
State and administrative unit of government	375,470	536,304
State-owned enterprises	459,903	279,146
More than 50% state-owned limited liability companies	398,751	490,154
100% foreign owned companies	264,616	356,650
Foreign joint venture company	466,335	527,774
Co-operatives	62,475	100,243
Private companies	54,516	47,984
Partnerships	3,081	3,825
Farms	11,257	11,495
Others	1,937,635	2,446,631
	93,222,173	74,583,393

20. Grants, entrusted funds, loans exposed to risks

	30/6/2016 VND million	31/12/2015 VND million
Grants, entrusted funds, loans exposed to risks in VND		
Entrusted funds from Rural Development Fund	10,837	19,376
Grants, entrusted funds, loans exposed to risks in foreign currencies		
Entrusted funds from Rural Development Fund	1,266	1,267
Entrusted funds of support program for reforming power sector – Phase III (i)	2,799,744	2,801,920
	2,811,847	2,822,563

- (i) This is borrowing of USD128 million from the Ministry of Finance to finance support program for reforming power sector – Phase III for a period of 29 years from 4 August 2015 to 4 August 2043 and bear interest of six-month US Dollar LIBOR plus spread adjusted periodically by World Bank on 1 January and 1 July each year.

21. Valuable papers issued

	30/6/2016 VND million	31/12/2015 VND million
Straight bonds		
▪ From 12 months to less than 5 years (i)	3,300,000	3,300,000
▪ From 5 years and above (ii)	2,000,000	2,000,000
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	5,300,000	5,300,000
	<hr/>	<hr/>

- (i) In 2013 and 2014, the Bank issued bonds to raise capital. The interests of the bonds are paid annually at the initial fixed rate of 7.2% - 8.0% per annum, from the second year onwards the floating interest rate will be applied, adjusted once a year and considered on the average interest rates of personal savings deposits in VND with later interest payment, 12-month term of four major banks in Vietnam plus margin from 1.2% - 2.0% per annum.
- (ii) In 2015, the Bank issued bonds with term of 10 years, the interests of the bonds are paid annually at the rate of 7.7% - 8.5% per annum in the first 5 years. If the Bank does not repurchase after 5 years, the interest rate plus 0.5% per annum.

22. Other liabilities

	30/6/2016 VND million	31/12/2015 VND million
Internal payables		
▪ Payables to employees	3,109	43
External payables		
▪ Unearned revenue from sale of bonds	116,639	57,792
▪ Corporate income tax payable	64	54,680
▪ Other taxes payable to State Treasury	4,322	7,465
▪ Cash held on behalf and awaiting settlement	121,037	32,456
▪ Management fee payable on Abacus Building	6,039	6,039
Bonus and welfare fund (i)	10,926	11,779
Other payables		
Defferred revenue	73,239	74,205
Payables for constructions	3,238	2,437
Other payables	81,884	97,946
	<hr/>	<hr/>
	420,497	344,842
	<hr/>	<hr/>



(i) Movements of bonus and welfare fund during the period were as follows:

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Opening balance	11,779	12,595
Transfer from equity (Note 24)	3,000	3,000
Amount utilised during the period	(3,853)	(1,647)
Closing balance	10,926	13,948

23. Obligations to the State Treasury

Six-month period ended 30 June 2016	Opening balance	Movements during the period		Closing balance
	VND million	Incurred VND million	Paid VND million	VND million
Value added tax	4,874	5,865	(9,642)	1,097
Corporate income tax	54,680	40,520	(95,136)	64
Personal income tax	2,371	32,416	(31,609)	3,178
Foreign contractor tax	220	423	(596)	47
License tax	-	224	(224)	-
Other taxes	-	8	(8)	-
	62,145	79,456	(137,215)	4,386

Six-month period ended 30 June 2015	Opening balance	Movements during the period		Closing balance
	VND million	Incurred VND million	Paid VND million	VND million
Value added tax	2,822	22,634	(24,363)	1,093
Corporate income tax	103,664	19,752	(125,255)	(1,839)
Personal income tax	1,564	11,150	(10,892)	1,822
Foreign contractor tax	57	755	(653)	159
License tax	-	219	(219)	-
Other taxes	-	19	(19)	-
	108,107	54,529	(161,401)	1,235

24. Capital and reserves

(a) Statement of changes in equity

	Charter capital VND million	Capital for construction, purchases of fixed assets VND million	Share premium VND million	Treasury shares VND million	Foreign exchange differences VND million	Reserve to supplement charter capital VND million	Investment and development fund VND million	Financial reserve VND million	Other reserves VND million	Retained profits VND million	Total VND million
Balance at 1 January 2015	8,100,000	89	4,599	(2)	-	102,430	70	127,541	8,845	461,137	8,804,709
Net profit for the period	-	-	-	-	-	-	-	-	-	85,594	85,594
Appropriation to reserves	-	-	-	-	-	20,963	-	41,926	20,000	(82,889)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Foreign exchange differences	-	-	-	-	(12,507)	-	-	-	-	-	(12,507)
Other decreases	-	-	-	-	-	-	-	-	-	(298)	(298)
Balance at 30 June 2015	8,100,000	89	4,599	(2)	(12,507)	123,393	70	169,467	28,845	460,544	8,874,498
Balance at 1 January 2016	8,100,000	89	4,599	(2)	-	126,658	70	197,308	28,845	751,953	9,209,520
Net profit for the period	-	-	-	-	-	-	-	-	-	287,811	287,811
Appropriation to reserves	-	-	-	-	-	20,406	-	40,810	-	(61,216)	-
Dividends	-	-	-	-	-	-	-	-	-	(810,000)	(810,000)
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Foreign exchange differences	-	-	-	-	4,528	-	-	-	-	-	4,528
Other decreases	-	-	-	-	-	-	-	-	(534)	-	(534)
Balance at 30 June 2016	8,100,000	89	4,599	(2)	4,528	147,064	70	238,118	28,311	165,548	8,688,325

(b) Charter capital

	30/6/2016		31/12/2015	
	Number of shares	Par value VND million	Number of shares	Par value VND million
Authorised charter capital	810,000,000	8,100,000	810,000,000	8,100,000
Issued share 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

Each 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. 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

	Six-month period ended	
	30/6/2016 VND million	30/6/2015 VND million
Dividends payable at the beginning of the period	742	742
Dividends payable during the period (i)	810,000	-
Dividends paid during the period	(809,987)	-
Dividends payable at the end of the period	755	742

- (i) Pursuant to 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 from retained profits of 2015.

25. Interest and similar income

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Interest and similar income from		
▪ Loans and advances to customers and loans to other credit institutions	2,939,350	1,922,673
▪ Deposits with other credit institutions	94,742	86,582
▪ Investment securities	706,623	779,739
▪ Guarantee services	26,599	12,020
▪ Other income from credit activities	153,559	185,432
	3,920,873	2,986,446
Interest and similar expenses on		
▪ Deposits from customers and deposits from other credit institutions	(2,379,465)	(1,831,775)
▪ Borrowings from other credit institutions	(94,601)	(125,262)
▪ Valuable papers issued	(205,990)	(134,985)
▪ Other expenses on credit activities	-	(226)
	(2,680,056)	(2,092,248)
Net interest income	1,240,817	894,198

26. Net fees and commission income

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Fees and commission income		
▪ Settlement services	54,896	48,120
▪ Cashiering services	5,832	5,927
▪ Asset preservation and insurance services	243	48
▪ Trust and agent services	9	91,307
▪ Advisory services	-	6,783
▪ Discounted fees	-	3,376
▪ Other services	13,032	10,975
	74,012	166,536
Fees and commission expenses		
▪ Settlement services	(15,574)	(13,507)
▪ Cashiering services	(2,054)	(2,564)
▪ Advisory services	(100)	(129)
▪ Postage and telecommunications	(26)	-
▪ Brokerage commission	(1,461)	(1,214)
▪ Trust and agent services	(10)	(94)
▪ Other services	(924)	(1,603)
	(20,149)	(19,111)
Net fees and commission income	53,863	147,425

27. Net gain from trading of foreign currencies

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Gain from trading of foreign currencies from		
▪ Spot contracts	85,206	22,796
▪ Gold trading	508	341
▪ Currency derivatives	92,760	24,218
	178,474	47,355
Loss from trading of foreign currencies on		
▪ Spot contracts	(54,653)	(5,489)
▪ Gold trading	(114)	(192)
▪ Currency derivatives	(17,878)	(31,089)
	(72,645)	(36,770)
Net gain from trading of foreign currencies	105,829	10,585

28. Net loss from trading investment securities

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Net loss from trading available-for-sale securities		
▪ Gains from trading available-for-sale securities	51,723	29,035
▪ Expenses on trading available-for-sale securities	(13,433)	(10,495)
▪ Addition to allowance for diminution in the value of available-for-sale securities (Note 12(ii))	(8,992)	(47,695)
▪ Reversal of general allowance for losses on available-for-sale securities (Note 12(iii))	10,452	8,299
▪ Addition to specific allowance for losses on available-for-sale securities (Note 12(iv))	(130,071)	-
	(90,321)	(20,856)
Net gain from trading held-to-maturity securities		
▪ Reversal of general allowance for losses on held-to-maturity securities (Note 12(v))	2,242	1,784
Net loss from trading investment securities	(88,079)	(19,072)

29. Net other income

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Other income		
▪ Collections of bad debts previously written-off	7,386	2,886
▪ Collections from leasing offices	2,051	2,256
▪ Gains from disposals of assets	2,296	32
▪ Collections of contract breach penalties	-	14
▪ Other income	714	1,196
	12,447	6,384
Other expenses		
▪ Sponsoring cost	(1,598)	(1,248)
▪ Losses from disposals of assets	(115)	(135)
▪ Other expenses	(6,040)	(9,488)
	(7,753)	(10,871)
Net other income	4,694	(4,487)

30. Income from capital contribution, share purchase

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Dividends/profit distributions during the period from:		
▪ Equity securities	1,705	2,380
▪ Capital contribution, long-term investments	126,770	13,243
Income from transfers of contributed capital in subsidiaries	-	10,706
	128,475	26,329
	128,475	26,329



31. Operating expenses

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
1. Tax, duties and fees	1,381	1,128
2. Salaries and related expenses	356,197	294,215
In which:		
▪ Salary and allowances	329,693	264,174
▪ Salary related contributions	21,333	19,697
▪ Others	5,171	10,344
3. Expenses on assets	225,437	220,346
In which:		
▪ Depreciation and amortisation expenses	56,294	43,525
▪ Office rental	93,990	94,505
▪ Repair and maintenance	56,004	62,063
▪ Tools and supplies	17,499	18,935
▪ Insurance fee	1,650	1,318
4. Allowance expenses (excluding allowance for credit losses, security risks)	2,892	18,797
5. Administration expenses	225,191	153,931
In which:		
▪ Marketing, promotion and printing expenses	106,569	67,393
▪ General administration expenses	82,023	55,996
▪ Communication expenses	18,214	14,598
▪ Travelling expenses	11,603	7,870
▪ Materials and printing expenses	6,036	5,771
▪ Training expenses	746	2,303
6. Insurance expenses for deposits from customers	37,638	30,008
	848,736	718,425

32. Allowance expenses for credit losses

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Addition to general allowance for losses on loans and advances to customers (Note 10(i))	108,321	45,523
Addition to specific allowance for losses on loans and advances to customers (Note 10(ii))	93,394	94,210
Addition to allowance for losses on purchases of debts (Note 11(i))	-	49,189
Addition to allowance for special bonds (Note 12(vi))	66,817	33,304
	<hr/>	<hr/>
	268,532	222,226
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33. Corporate income tax

(a) Recognised in the separate statement of income

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Current tax expense		
Current period	40,520	19,749
Deferred tax expense	-	-
Corporate income tax expense	40,520	19,749

(b) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Profit before tax	328,331	105,343
<i>Adjustments</i>		
Non-deductible expenses	2,745	47
Tax exempt income (dividends)	(128,475)	(15,623)
Taxable income	202,601	89,767
Corporate income tax expense based on taxable income	40,520	19,749
Corporate income tax payable at the beginning of the period	54,680	103,664
Corporate income tax paid during the period	(95,136)	(125,255)
Tax adjustments in prior years	-	3
Corporate income tax payable/(receivable) at the end of the period	64	(1,839)

(c) Applicable tax rates

The corporate income tax rate applicable to the Bank is 20% from 2016 due to change in the Income Tax Law (2015: 22%). The corporate income tax computation is subject to the review and approval of tax authorities.

(d) **Deferred tax assets**

	30/6/2016	31/12/2015
	VND million	VND million
Unrealised foreign exchange losses	3,836	3,836
Allowance for investment securities	19,800	19,800
	<hr/>	<hr/>
	23,636	23,636
	<hr/>	<hr/>

34. Cash and cash equivalents

	30/6/2016	31/12/2015
	VND million	VND million
Cash on hand, gold	1,569,481	1,465,199
Balances with the SBV	1,490,741	2,720,588
Deposits with other credit institutions with original terms of three months or less	8,230,283	6,647,161
Loans to other credit institutions with original terms of three months or less	4,357,491	3,178,075
	<hr/>	<hr/>
	15,647,996	14,011,023
	<hr/>	<hr/>

35. Employees' benefits

	Six-month period ended	
	30/6/2016	30/6/2015
	VND million	VND million
Total average number of employees during the period	4,185	4,462
Employees' remunerations		
1. Salary and bonus	314,393	248,304
2. Other income	15,300	15,870
	<hr/>	<hr/>
3. Total income (3 = 1 + 2)	329,693	264,174
	<hr/>	<hr/>
Average monthly salary/employee	13	9
Average monthly income/employee	13	10
	<hr/>	<hr/>

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

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

	30/6/2016	31/12/2015
	VND million	VND million
Assets, valuable papers of customers mortgaged, pledged and discounted at the Bank		
Real estates	84,249,093	63,322,301
Valuable papers	46,307,898	35,000,578
Movable assets	25,675,723	20,421,501
Other assets	35,423,811	34,526,988
	<hr/>	<hr/>
	191,656,525	153,271,368
Assets, valuable papers of other credit institutions mortgaged, pledged, discounted and rediscounted at the Bank		
Valuable papers	450,000	450,000
	<hr/>	<hr/>
	192,106,525	153,721,368
	<hr/>	<hr/>

(b) The Bank's assets, valuable papers mortgaged, pledged, discounted and rediscounted

	30/6/2016	31/12/2015
	VND million	VND million
Investment securities	3,969,662	4,961,539
	<hr/>	<hr/>

37. Contingent liabilities and commitments

	30/6/2016		31/12/2015			
	Contractual amount – gross VND million	Margin deposits VND million	Contractual amount – net VND million	Contractual amount – gross VND million	Margin deposits VND million	Contractual amount – net VND million
Lending guarantees	10,962	-	10,962	12,062	-	12,062
Foreign exchange commitments	23,070,590	-	23,070,590	7,325,597	-	7,325,597
<i>In which:</i>						
▪ Purchase commitments of foreign currencies	4,297,335	-	4,297,335	1,590,000	-	1,590,000
▪ Sale commitments of foreign currencies	3,131,606	-	3,131,606	1,789,655	-	1,789,655
▪ Commitments on currency swap transactions	15,641,649	-	15,641,649	3,945,942	-	3,945,942
Letters of credit	1,420,646	(60,888)	1,359,758	1,249,452	(64,609)	1,184,843
Other guarantees	3,211,423	(107,238)	3,104,185	2,064,030	(139,057)	1,924,973

38. Significant transactions with related parties

As at the period-end/year-end and during the period, there were the following significant balances and transactions with related parties:

Balance at the period-end/year-end	30/6/2016 VND million	31/12/2015 VND million
	Receivables/(payables)	
Major shareholders and related parties with major shareholders		
Term deposits	(208,061)	(245,988)
Demand deposits	(27,503)	(12,700)
Specialised capital deposits	(2)	(2)
Guarantee payment deposits	(46)	(46)
Payables from equity interest transfer in investment cooperation contracts	-	(22,905)
Available-for-sale debt securities	350,000	350,000
Interests receivable from available-for-sale debt securities	7,940	25,234
Subsidiaries		
Term deposits	(52,898)	(39,100)
Demand deposits	(21,865)	(219,547)
Loans	1,008,800	1,295,000
Interests receivable	71,724	21,447
Interests payable	-	(106)
Prepaid rental fees	30,781	30,990
Court fees held on behalf of customers	-	112
Companies in which the Bank has capital contribution		
Term deposits	(38,659)	(685,418)
Demand deposits	(253,911)	(84,474)
Other guarantee payment deposits	97	-
Loans	566,235	344,930
Interests receivable	15,520	5,501
Rental deposits	-	170,000
Receivables from bond transfer of Viet Hung Food Industry Limited Company	-	280,000
Advances for capital contribution in VietJet Aviation Joint Stock Company	-	22,500
Advances for capital contribution in City Housing Development Real Estate Business Joint Stock Company	6,669	6,669
Members of Board of Directors, Board of Management and Supervisory Board		
Term deposits	(176,878)	(159,166)
Demand deposits	(86,965)	(5,359)
Loans	32,450	32,550
Interests receivable	509	167

Transactions incurred during the period

Six-month period ended
30/6/2016 30/6/2015
VND million VND million

Major shareholders and related parties with major shareholders

Demand deposits placed	3,289,083	1,861,019
Term deposits placed	499,660	307,512
Guarantee payment deposits placed	773	515
Specialised capital deposits placed	1,619	16,320
Demand deposits withdrawn	3,274,276	1,862,964
Term deposits withdrawn	537,587	293,249
Guarantee payment deposits withdrawn	773	515
Specialised capital deposits withdrawn	1,619	16,320

Subsidiaries

Demand deposits placed	14,569,111	4,419,873
Term deposits placed	44,469	21,605
Demand deposits withdrawn	14,766,820	4,407,491
Term deposits withdrawn	30,671	18,743

Companies in which the Bank has capital contribution

Demand deposits placed	15,701,275	13,060,349
Term deposits placed	768,768	609,121
Margin deposits placed	-	16,530
Guarantee payment deposits placed	18,671	-
Demand deposits withdrawn	15,523,187	13,105,881
Term deposits withdrawn	1,415,527	575,121
Margin deposits withdrawn	135	16,340
Guarantee payment deposits withdrawn	19,069	-

Members of Board of Management, Board of Directors and Supervisory Board

Demand deposits and demand saving deposits placed	639,752	287,260
Term deposits placed	189,162	90,051
Guarantee payment deposits placed	398	778
Demand deposits and demand savings withdrawn	558,145	291,521
Term deposits withdrawn	171,561	85,493
Guarantee payment deposits withdrawn	398	778
Salary and bonus	13,728	12,459



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

As at 30 June 2016		Loans and advances to customers – gross VND million	Deposits from customers VND million	Valuable papers issued VND million	Contingent liabilities and credit commitments VND million	Investment securities – gross VND million	Capital contribution, long-term investments – gross VND million	Deposits with and loans to other credit institutions – gross VND million	Deposits and borrowings from other credit institutions VND million	Derivatives (Total contractual value) VND million
Domestic	65,718,718	93,222,173	5,300,000	4,643,031	29,565,428	1,011,720	14,524,272	10,437,483	12,616,324	-
Overseas	-	-	-	-	-	-	143,502	-	-	-
	65,718,718	93,222,173	5,300,000	4,643,031	29,565,428	1,011,720	14,667,774	10,437,483	12,616,324	-
As at 31 December 2015		Loans and advances to customers – gross VND million	Deposits from customers VND million	Valuable papers issued VND million	Contingent liabilities and credit commitments VND million	Investment securities – gross VND million	Capital contribution, long-term investments – gross VND million	Deposits with and loans to other credit institutions – gross VND million	Deposits and borrowings from other credit institutions VND million	Derivatives (Total contractual value) VND million
Domestic	52,462,714	74,583,393	5,300,000	3,325,545	22,639,925	994,880	12,199,274	5,894,444	5,980,629	-
Overseas	-	-	-	-	-	-	564,532	-	-	-
	52,462,714	74,583,393	5,300,000	3,325,545	22,639,925	994,880	12,763,806	5,894,444	5,980,629	-

40. Segment reporting

Geographical segments

Six-month period ended 30 June 2016	The North VND million	The Central VND million	The South VND million	Eliminations VND million	Total VND million
I. Income					
1. Interest income					
<i>Interest income from external customers</i>	876,848	365,713	2,678,312	-	3,920,873
<i>Internal interest income</i>	857,380	244,994	4,962,332	(6,064,706)	-
2. Fees and commission income	16,445	3,429	54,138	-	74,012
3. Other income	7,993	2,891	372,929	-	383,813
II. Expenses					
1. Interest expenses					
<i>Interest expenses from external customers</i>	(468,709)	(220,631)	(1,990,716)	-	(2,680,056)
<i>Internal interest expenses</i>	(857,380)	(244,994)	(4,962,332)	6,064,706	-
2. Expenses for depreciation of fixed assets	(3,908)	(2,457)	(49,929)	-	(56,294)
3. Expenses relating to business activities	(150,210)	(72,748)	(822,527)	-	(1,045,485)
Results before allowance expenses	278,459	76,197	242,207	-	596,863
Allowance expenses	(104,230)	(13,867)	(150,435)	-	(268,532)
Segment results before tax	174,229	62,330	91,772	-	328,331

As at 30 June 2016	The North VND million	The Central VND million	The South VND million	Eliminations VND million	Total VND million
III. Assets					
1. Cash on hand	339,510	211,204	1,018,767	-	1,569,481
2. Fixed assets	13,435	47,563	676,032	-	737,030
3. Other assets	26,467,174	7,910,611	91,242,604	(5,012,021)	120,608,368
IV. Liabilities					
1. External liabilities	(25,949,144)	(7,316,315)	(78,727,807)	-	(111,993,266)
2. Internal liabilities	(167,049)	(66)	(319,818)	-	(486,933)
3. Other liabilities	(529,875)	(790,679)	(5,437,822)	5,012,021	(1,746,355)

41. Financial risk management

(a) Financial risk management

(i) Overview

Risk is inherent in the Bank's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk prevention relating to his or her responsibilities. The Bank is exposed to risks such as credit risk, liquidity risk and market risk (then being classified into business and non-business risks). The Bank are also subject to various operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

(ii) Risk management framework

Risk management structure

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

Board of Directors

The Board of Directors is responsible for monitoring the overall risk management process within the Bank.

Risk Management Committee

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

Risk Management Committee analyses and provides warnings on the safety level of the Bank against potential risks that may affect the Bank's operations and preventive measures in the short-term as well as long-term.

Risk Management Committee reviews and evaluates the appropriateness and effectiveness of the risk management of procedures and policies of the Bank to make recommendations to the Board of Directors on the improvement of procedures, policies and operations.

Supervisory Board

The Supervisory Board has the responsibility to control the overall risk management process within the Bank.

Internal Audit

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

Risk measurement and reporting systems

The Bank'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 carried out based on limits established by the Bank in compliance with the SBV's regulations on safety. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank are willing to accept.

Information compiled from 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, Supervisory Board, 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 Bank's Management assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Bank's 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 Bank.

For all levels throughout the Bank, 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 Bank actively uses collaterals to reduce its exposure to credit risk.

Risk concentration

Risk concentrations arise when a number of customers of the Bank are engaged in similar business activities, or activities in the same geographic area, 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.

These above concentrations indicate the level of sensitivity of the banking activities to the developments of a particular industry or geographic area.

In order to avoid concentrations of risk, the Bank'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 hedging is used within the Bank in respect of the industries and other related factors.

(b) Credit risk

The Bank is exposed to credit risk from loans and investments as well as when the Bank acts as an intermediary on behalf of customers or other third parties or when the Bank grants guarantees. Risks when partners cannot afford to pay debts are monitored on an ongoing basis. To manage the level of credit risk, the Bank deals only with partners with high creditworthiness and, when appropriate, will require collaterals. Main credit risk faced by the Bank arises from loans and advances to customers of the Bank. Level of credit risk is reflected in the carrying value of the assets on the balance sheet. In addition, the Bank also faces off-balance sheet credit risk in the form of commitments to grant credit and guarantee.

Credit risk management

The Bank controls and manages the credit risk by establishing credit limit based on the level of risk that the Bank can accept with each customer, each geographical area and each industry, and by monitoring the risk on those levels.

The Bank has established the credit quality review process that allows to early predict changes in the confidence level of customers, including review of collaterals regularly. The credit limit of each customers 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.

Collaterals

Collaterals are valued by an unit independent from the business units based on the market value at the valuation date. The collateral valuation is updated times once 12 months for real estates and once 6 months for movable assets.

The main types of collateral obtained are real estates, movable assets and valuable papers. Guidance to evaluate movable assets and real estates is being reviewed and updated to comply with the regulations of the SBV.

Commitments and guarantees

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Commitments and guarantees are classified as credit risk.

Credit risk concentration

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

Not considering collaterals, the Bank's maximum exposure to credit risk at the reporting date was as follows:

	30/6/2016 VND million	31/12/2015 VND million
Credit risk exposures relating to on balance sheet items		
Balances with the State Bank of Vietnam	1,490,741	2,720,588
Deposits with and loans to other credit institutions – gross (i)	14,667,774	12,763,806
Trading securities – gross (ii)	922,956	922,956
Derivatives and other financial assets	111,347	46,428
Loans and advances to customers – gross (iii)	65,718,718	52,462,714
Purchases of debts – gross	8,690	8,690
Investment securities (ii)		
▪ Available-for-sale debt securities – gross	23,986,750	16,505,404
▪ Held-to-maturity securities – gross	4,455,761	5,011,604
Interest and fees receivable	2,593,913	1,832,445
Other receivables – gross	3,921,132	4,895,435
	117,877,782	97,170,070
Credit risk exposures relating to off-balance sheet items		
Credit commitments – gross	10,962	12,062
Letters of credit – gross	1,420,646	1,249,452
Other guarantees – gross	3,211,423	2,064,030
	4,643,031	3,325,544
	122,520,813	100,495,614

(i) Deposits with and loans to other credit institutions

Deposits with and loans to other credit institutions of the Bank neither past due nor impaired are mainly held with well-known financial institutions. The Bank's Board of Management 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 Bank.

(ii) Trading securities and investment securities

The Bank's Board of Management does not foresee any significant credit risk from these investments and does not expect that these financial institutions may default and cause losses to the Bank.

(iii) Loans and advances to customers

Loans and advances to customers that are neither past due nor impaired are mostly from customers with good payment records with the Bank.



An aging analysis of financial assets that are past due but not impaired at the reporting date was as follows:

As at 30 June 2016	Overdue				Total VND million
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	
Loans and receivables					
Loans and advances to customers – gross	458,966	40,419	20,125	107,628	627,138
Other receivables – gross (*)	-	-	863,173	-	863,173
	458,966	40,419	883,298	107,628	1,490,311

As at 31 December 2015	Overdue				Total VND million
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	
Loans and receivables					
Loans and advances to customers – gross	125,149	31,563	19,151	108,579	284,442

(*) Overdue status of receivables relating to disposal of securities on credit is based on the payment terms of original contracts, regardless of the extension of the payment terms between the parties.

An aging analysis of financial assets that are impaired at the reporting date was as follows:

As at 30 June 2016	Overdue				Total VND million
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	
Loans and advances to customers – gross	241,964	166,176	243,494	336,578	988,212
Purchases of debts – gross	-	-	-	8,690	8,690
Investment securities – gross	-	-	300,000	12	300,012
Other receivables – gross	-	-	-	113,342	113,342
	241,964	166,176	543,494	458,622	1,410,256

As at 31 December 2015	Overdue				Total VND million
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	
Loans and advances to customers – gross	-	-	-	103,620	103,620
Purchases of debts – gross	650,111	165,972	215,398	141,710	1,173,191
Investment securities – gross	-	-	-	8,690	8,690
Other receivables – gross	10,221	-	-	81,773	91,994
	660,332	165,972	215,398	335,793	1,377,495

See Note 36 of the types and value of collaterals received from customers. The Bank has not determined and presented fair values of the collaterals for overdue and impaired financial assets in these financial statements because there is currently no guidance on determination of fair value under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV in case quoted price in the market is not available. The fair values of these collaterals 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 fair value or cash flows of financial instruments will fluctuate because of changes in the market interest rate. The Bank will be exposed to the interest rate risk when there is a gap between maturity date or interest repricing date of assets, liabilities and off-balance sheet commitments in a specific period of time. The Bank manages this risk by matching the dates of interest rate repricing of assets and liabilities.

Analysis of assets and liabilities based on actual interest rate repricing term

The actual term of interest rate repricing is the remaining period calculated from the reporting date to the next interest rate repricing term or the maturity term of assets and liabilities whichever is earlier.

The following assumptions and conditions have been adopted in the analysis of actual interest rate repricing terms of the assets and liabilities of the Bank:

- Cash, gold; derivatives and other financial assets; long-term investments; other assets (including fixed assets and other assets) and other liabilities are classified as non-interest bearing items.
- Balances with the State Bank of Vietnam are considered as current, interest rate repricing term is therefore considered within 1 month.
- The actual interest rate repricing term of investment debt securities are determined based on the actual maturity term of each type of securities at the reporting date.
- The actual interest rate repricing term 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 determined as follows:
 - Items which bear fixed interest rate for the entire contractual term: the actual interest rate repricing term is determined based on the remaining contractual term calculated from the reporting date.
 - Items which bear floating interest rate: the actual interest rate repricing term is determined based on the next interest rate repricing term subsequent to the reporting date.
- The actual interest rate repricing term of valuable papers issued is determined based on the remaining maturity term of each valuable paper.

The following tables show the Bank's assets and liabilities categorised by the earlier of interest rate repricing date and contractual maturity date at the reporting date.

Ho Chi Minh City Development Joint Stock Commercial Bank
HD Tower Building, 25 Bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam
Notes to the separate financial statements for the six-month period ended 30 June 2016 (continued)

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(Issued under Circular No. 49/2014/TT-NHNN dated 31 December 2014)

As at 30 June 2016	Overdue	Free of interest	Less than 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	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets									
Cash on hand, gold	-	1,569,481	-	-	-	-	-	-	1,569,481
Balances with the SBV	-	-	1,490,741	-	-	-	-	-	1,490,741
Deposits with and loans to other credit institutions – gross	-	-	10,477,854	2,279,920	1,625,000	285,000	-	-	14,667,774
Trading securities – gross	-	-	-	-	400,000	522,956	-	-	922,956
Derivatives and other financial assets	-	111,347	-	-	-	-	-	-	111,347
Loans and advances to customers – gross	1,615,350	-	4,085,792	60,017,576	-	-	-	-	65,718,718
Purchases of debts – gross	8,690	-	-	-	-	-	-	-	8,690
Investment securities – gross	300,012	2,955,909	1,625,103	851,387	1,816,062	2,189,640	15,453,703	3,450,656	28,642,472
Capital contribution, long-term investments – gross	-	1,011,720	-	-	-	-	-	-	1,011,720
Fixed assets	-	737,030	-	-	-	-	-	-	737,030
Investment properties	976,515	3,623,889	123,003	1,517,342	48,103	618,435	2,649,762	113,139	9,670,188
	2,900,567	10,009,376	17,802,493	64,666,225	3,889,165	3,616,031	18,103,465	3,563,795	124,551,117
Liabilities									
Borrowings from the Government and the State Bank of Vietnam	-	-	-	221,763	-	-	-	-	221,763
Deposits and borrowings from other credit institutions	-	-	8,239,483	1,188,000	1,010,000	-	-	-	10,437,483
Deposits from customers	-	176,303	33,580,487	15,372,107	13,275,053	23,295,725	7,521,668	830	93,222,173
Grants, entrusted funds, loans exposed to risks	-	-	12,103	2,799,744	-	-	-	-	2,811,847
Valuable papers issued	-	-	-	-	1,000,000	800,000	2,000,000	1,500,000	5,300,000
Other liabilities	-	2,233,288	-	-	-	-	-	-	2,233,288
	-	2,409,591	41,832,073	19,581,614	15,285,053	24,095,725	9,521,668	1,500,830	114,226,554
Interest sensitivity gap of balance sheet items	2,900,567	7,599,785	(24,029,580)	45,084,611	(11,395,888)	(20,479,694)	8,581,797	2,062,965	10,324,563
Interest sensitivity gap of off-balance sheet items	-	(4,474,905)	-	-	-	-	-	-	(4,474,905)
Total interest sensitivity gap	2,900,567	3,124,880	(24,029,580)	45,084,611	(11,395,888)	(20,479,694)	8,581,797	2,062,965	5,849,658

As at 31 December 2015	Free of interest	Less than 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	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets								
Cash on hand, gold	-	1,465,199	-	-	-	-	-	1,465,199
Balances with the SBV	-	2,720,588	-	-	-	-	-	2,720,588
Deposits with and loans to other credit institutions – gross	103,620	-	5,643,505	50,000	1,445,000	-	-	12,763,806
Trading securities – gross	-	922,956	-	-	-	-	-	922,956
Derivatives and other financial assets	-	46,428	-	-	-	-	-	46,428
Loans and advances to customers – gross	1,457,633	2,390,098	48,614,983	-	-	-	-	52,462,714
Purchases of debts – gross	8,690	-	-	-	-	-	-	8,690
Investment securities – gross	-	3,212,613	400,410	303,543	826,030	14,023,273	2,310,376	21,716,969
Capital contribution, long-term investments – gross	-	994,880	-	-	-	-	-	994,880
Fixed assets	-	788,463	-	-	-	-	-	788,463
Investment properties	-	6,172,629	124,538	157,846	768,074	2,322,884	9,223	9,766,105
	1,569,943	13,603,168	54,783,436	511,389	3,039,104	16,346,157	2,319,599	103,656,798
Liabilities								
Borrowings from the Government and the State Bank of Vietnam	-	-	300,379	3,301	2,759	205,059	42,770	2,488,321
Deposits and borrowings from other credit institutions	-	3,755,489	1,448,955	690,000	-	-	-	5,894,444
Deposits from customers	-	25,733,508	14,883,713	12,906,547	17,189,466	3,869,465	694	74,583,393
Grants, entrusted funds, loans exposed to risks	-	-	-	8,539	5,016	5,821	2,803,187	2,822,563
Valuable papers issued	-	-	-	-	1,000,000	2,800,000	1,500,000	5,300,000
Other liabilities	-	2,016,942	-	-	-	-	-	2,016,942
	-	2,016,942	16,633,047	13,608,387	18,197,241	6,880,345	4,346,651	93,105,663
Interest sensitivity gap of balance sheet items	1,569,943	11,586,226	38,150,389	(13,096,998)	(15,158,137)	9,465,812	(2,027,052)	10,551,135
Interest sensitivity gap of off-balance sheet items	-	(3,121,878)	-	-	-	-	-	(3,121,878)
Total interest sensitivity gap	1,569,943	8,464,348	38,150,389	(13,096,998)	(15,158,137)	9,465,812	(2,027,052)	7,429,257

The following table shows the actual interest rates of interest bearing financial instruments with different terms and currencies:

As at 30 June 2016	Overdue	Current	Less than 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	Over 5 years
Assets								
Balances with the SBV								
▪ VND	(*)	(*)	1.20%	(*)	(*)	(*)	(*)	(*)
▪ Foreign currencies	(*)	(*)	0.05%	(*)	(*)	(*)	(*)	(*)
Deposits with and loans to other credit institutions								
▪ VND	(*)	(*)	1.30% - 11.00%	3.00% - 5.20%	3.80% - 11.00%	11.00%	(*)	(*)
▪ Foreign currencies	(*)	(*)	0.60% - 1.30%	1.00% - 1.20%	(*)	(*)	(*)	(*)
Trading securities								
▪ VND	(*)	(*)	(*)	(*)	9.50%	12.00%	(*)	(*)
Loans and advances to customers								
▪ VND	0.00% - 37.50%	(*)	3.50% - 21.50%	0.00% - 30.00%	(*)	(*)	(*)	(*)
▪ Foreign currencies	2.20% - 7.45%	(*)	2.00% - 5.50%	1.20% - 8.50%	(*)	(*)	(*)	(*)
Purchases of debts								
▪ VND	18.50% - 23.90%	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Investment securities								
▪ VND	8.60% - 10.00%	(*)	8.50% - 12.50%	6.60% - 14.00%	8.75% - 10.50%	6.00% - 10.00%	5.00% - 9.50%	6.00% - 8.90%
Liabilities								
Borrowings from the Government and the State Bank of Vietnam								
▪ VND	(*)	(*)	(*)	5.64% - 5.88%	(*)	(*)	(*)	(*)
Deposits and borrowings from other credit institutions								
▪ VND	(*)	(*)	1.20% - 5.30%	2.40% - 4.80%	3.80% - 4.20%	(*)	(*)	(*)
▪ Foreign currencies	(*)	(*)	0.10% - 0.80%	(*)	(*)	(*)	(*)	(*)
Deposits from customers								
▪ VND	(*)	(*)	0.70% - 9.50%	4.50% - 9.50%	4.50% - 9.50%	0.00% - 9.50%	5.00% - 9.50%	6.70% - 9.00%
▪ Foreign currencies	(*)	(*)	0.00% - 1.30%	0.00% - 1.30%	0.00% - 1.60%	0.00% - 1.60%	0.00% - 0.75%	(*)
Grants, entrusted funds, loans exposed to risks								
▪ VND	(*)	(*)	7.32%	(*)	(*)	(*)	(*)	(*)
▪ Foreign currencies	(*)	(*)	0.75%	1.18%	(*)	(*)	(*)	(*)
Valuable papers issued								
▪ VND	(*)	(*)	(*)	(*)	8.20%	8.15% - 8.40%	7.20% - 8.35%	7.70% - 8.50%



As at 31 December 2015

Assets	Overdue	Current	Less than 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	Over 5 years
Balances with the SBV								
▪ VND	(*)	(*)	1.20%	(*)	(*)	(*)	(*)	(*)
▪ Foreign currencies	(*)	(*)	0.05%	(*)	(*)	(*)	(*)	(*)
Deposits with and loans to other credit institutions								
▪ VND	(*)	(*)	4.90% - 5.20%	3.90% - 5.50%	4.30% - 5.70%	5.00% - 11.00%	(*)	(*)
▪ Foreign currencies	(*)	(*)	(*)	0.60% - 1.00%	1.00% - 1.20%	(*)	(*)	(*)
Trading securities								
▪ VND	(*)	(*)	(*)	(*)	9.50%	12.00%	(*)	(*)
Loans and advances to customers								
▪ VND	0.00% - 37.50%	(*)	0.00% - 22.50%	0.00% - 23.80%	(*)	(*)	(*)	(*)
▪ Foreign currencies	5.30% - 8.50%	(*)	2.00% - 6.00%	1.45% - 7.50%	(*)	(*)	(*)	(*)
Purchases of debts								
▪ VND	18.50% - 23.90%	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Investment securities								
▪ VND	(*)	(*)	6.80% - 8.60%	6.10% - 11.50%	7.60% - 9.00%	8.75% - 14.00%	5.00% - 12.20%	7.30% - 9.50%
Liabilities								
Borrowings from the Government and the State Bank of Vietnam								
▪ VND	(*)	(*)	5.00%	5.00%	5.00%	5.00%	5.64%	5.64% - 5.88%
Deposits and borrowings from other credit institutions								
▪ VND	(*)	(*)	4.95% - 5.20%	4.40% - 5.20%	4.60% - 6.00%	(*)	(*)	(*)
▪ Foreign currencies	(*)	(*)	(*)	0.30% - 0.70%	(*)	(*)	(*)	(*)
Deposits from customers								
▪ VND	(*)	0.00% - 1.00%	5.00% - 9.50%	5.40% - 11.00%	5.10% - 10.50%	0.00% - 9.50%	0.00% - 9.50%	6.70% - 9.00%
▪ Foreign currencies	(*)	0.00% - 0.50%	0.70% - 1.30%	0.00% - 1.30%	0.00% - 1.60%	0.00% - 2.40%	0.25% - 1.00%	(*)
Grants, entrusted funds, loans exposed to risks								
▪ VND	(*)	(*)	(*)	(*)	7.32%	7.32%	7.32%	7.32%
▪ Foreign currencies	(*)	(*)	(*)	(*)	(*)	(*)	(*)	0.75% - 1.80%
Valuable papers issued								
▪ VND	(*)	(*)	(*)	(*)	(*)	8.20%	7.20% - 8.40%	7.70% - 8.50%

(*) Balances of these terms at the period-end/year-end were nil.

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates to VND, the Bank's accounting currency.

The Bank was established and operates in Vietnam. All financial assets and liabilities of the Bank are denominated mainly in VND, partially in USD, EUR and gold. However, some other financial assets and liabilities of the Bank are denominated in foreign currencies other than VND, USD, EUR and gold. The Bank sets limits on the level of exposure by each currency. The currency position is monitored daily and the Bank takes risk mitigation actions to ensure that the currency position is within the set limit.

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

	Exchange rate as at	
	30/6/2016	31/12/2015
USD/VND	21,873	21,890
EUR/VND	24,654	24,489
XAU/VND (one tenth of a tael)	3,490,000	3,255,000

As at 30 June 2016	USD VND million	Gold VND million	EUR VND million	Other currencies VND million	Total VND million
Assets					
Cash on hand, gold	404,499	17,085	185,697	199,123	806,404
Balances with the SBV	62,421	-	-	-	62,421
Deposits with and loans to other credit institutions – gross	2,106,426	-	3,134,652	50,821	5,291,899
Loans and advances to customers – gross	4,085,013	513	-	-	4,085,526
Other assets – gross	20,796	-	136,985	11	157,792
	6,679,155	17,598	3,457,334	249,955	10,404,042
Liabilities and equity					
Deposits and borrowings from other credit institutions	459,689	-	-	-	459,689
Deposits from customers	2,095,341	-	98,317	79,606	2,273,264
Derivatives and other financial liabilities	729,137	-	3,339,458	139,944	4,208,539
Grants, entrusted funds, loans exposed to risks	2,801,010	-	-	-	2,801,010
Other liabilities	16,794	228	2,816	18,255	38,093
	6,101,971	228	3,440,591	237,805	9,780,595
FX position on-balance sheet	577,184	17,370	16,743	12,150	623,447
FX position off-balance sheet	(1,812,609)	-	3,341,093	143,102	1,671,586
FX position on and off-balance sheet	(1,235,425)	17,370	3,357,836	155,252	2,295,033

As at 31 December 2015	USD VND million	Gold VND million	EUR VND million	Other currencies VND million	Total VND million
Assets					
Cash on hand, gold	403,350	12,751	294,778	122,002	832,881
Balances with the SBV	248,565	-	-	-	248,565
Deposits with and loans to other credit institutions – gross	2,503,852	-	12,196	24,312	2,540,360
Derivatives and other financial assets	119,140	-	-	-	119,140
Loans and advances to customers – gross	2,950,708	537	-	-	2,951,245
Other assets – gross	13,918	-	-	3,925	17,843
	6,239,533	13,288	306,974	150,239	6,710,034
Liabilities and equity					
Deposits and borrowings from other credit institutions	208,754	-	-	-	208,754
Deposits from customers	3,073,282	-	130,723	79,137	3,283,142
Derivatives and other financial liabilities	-	-	171,423	22,375	193,798
Grants, entrusted funds, loans exposed to risks	2,803,187	-	-	-	2,803,187
Other liabilities	12,631	220	2,877	29,235	44,963
	6,097,854	220	305,023	130,747	6,533,844
FX position on-balance sheet	141,679	13,068	1,951	19,492	176,190
FX position off-balance sheet	(162,355)	-	-	(13,081)	(175,436)
FX position on and off-balance sheet	(20,676)	13,068	1,951	6,411	754



Below is the analysis of impact to net profit of the Bank after consideration the current foreign exchange rate and the fluctuations in the past as well as market expectation as at the reporting date.

	Effect to net profit VND million
As at 30 June 2016	
USD (weakening by 1%)	9,883
EUR (strengthening by 1%)	26,863
XAU (strengthening by 7%)	973
<hr/>	
As at 31 December 2015	
USD (strengthening by 3%)	(484)
EUR (weakening by 5%)	(76)
XAU (weakening by 7%)	(714)
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The opposite movement of the currencies would have the equal but opposite effect to the net profit of the Bank as at 30 June 2016 and 31 December 2015.

(iii) Equity price risk

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

Available-for-sale equity investments of the Bank bear the equity price risk incurred from the uncertainties in fluctuation of equity price in the future of these securities. The Bank 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/decrease of profit which the Bank has recognised.

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

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(d) Liquidity risk

Liquidity risk is the risk that the Bank has difficulties in performing obligations for financial liabilities at the maturity dates or the Bank may suffer significant losses when performing those obligations.

To reduce the liquidity risk, the Bank mobilises from various sources beside the basic capital resources of the Bank and the Bank should have flexible liquid asset management policies, monitor the future cash flows and daily liquidity. The Bank also evaluates the expected cash flows and availability of current collateral assets in case of mobilising more capital.

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

- Balances with the SBV is classified as demand deposits, in which statutory reserve deposit is included. The balance of statutory reserve deposit depends on elements and term of deposits from customers of the Bank.
- The maturity of deposits with and loans to other credit institutions, derivatives and other financial assets and loans and advances to customers are defined based on the contractual due date. The actual maturity date can be changed as the loan contracts are extended.
- The maturity of investment securities is based on the maturity date of each security.
- The maturity of capital contribution, long-term investments is categorised over 5 years because these investments do not have exact maturity date and the Bank has intention to hold them for long-term.
- The maturity of fixed assets is defined by the remaining useful time of assets.
- The maturity of deposits and borrowings from other credit institutions and deposits from customers is defined based on the characteristic of each item or the due date specified in the contracts. Demand deposits from other credit institutions and customers are performed as requirement of customers and categorised as call deposit. The maturity for loans and term deposits are defined based on contractual maturity date. In practice, the actual maturities of those assets and liabilities may be longer than the original contractual term due to rollover.

Below is the analysis of assets and liabilities of the Bank classified into groups based on the remaining terms from the reporting date until the maturity date. In reality, the maturity date of assets and liabilities might be different from commitments, depends on the appendices signed.

Ho Chi Minh City Development Joint Stock Commercial Bank
HD Tower Building, 25 Bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam
Notes to the separate financial statements for the six-month period ended 30 June 2016 (continued)

Form B05a/TCFD
(Issued under Circular No. 49/2014/TT-NHNN dated 31 December 2014)

As at 30 June 2016	Overdue		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	Over 5 years VND million	Total VND million
	Overdue over 3 months VND million	Overdue up to 3 months VND million						
Assets								
Cash on hand, gold	-	-	1,569,481	-	-	-	-	1,569,481
Balances with the SBV	-	-	1,490,741	-	-	-	-	1,490,741
Deposits with and loans to other credit institutions – gross	-	-	10,477,854	2,279,920	1,910,000	-	-	14,667,774
Trading securities – gross	-	-	-	-	-	522,956	400,000	922,956
Derivatives and other financial assets	-	-	109,036	1,301	1,010	-	-	111,347
Loans and advances to customers – gross	914,421	700,929	4,081,391	6,049,314	15,408,659	23,605,084	14,958,920	65,718,718
Purchases of debts – gross	8,690	-	-	-	-	-	-	8,690
Investment securities – gross	300,012	-	199,960	251,387	2,091,190	20,849,266	4,950,657	28,642,472
Capital contribution, long-term investments – gross	-	-	-	-	-	-	1,011,720	1,011,720
Fixed assets	-	-	229,676	-	-	74,040	433,314	737,030
Investment properties	976,515	-	440,933	327,740	1,231,642	4,120,488	2,572,870	9,670,188
	2,199,638	700,929	18,599,072	8,909,662	20,642,501	49,171,834	24,327,481	124,551,117
Liabilities								
Borrowings from the Government and the State Bank of Vietnam	-	-	28	193	7,903	185,112	28,527	221,763
Deposits and borrowings from other credit institutions	-	-	8,239,483	1,188,000	1,010,000	-	-	10,437,483
Deposits from customers	-	-	33,756,790	15,372,107	36,570,778	7,521,668	830	93,222,173
Grants, entrusted funds, loans exposed to risks	-	-	-	4,146	3,020	3,671	2,801,010	2,811,847
Valuable papers issued	-	-	-	-	1,800,000	2,000,000	1,500,000	5,300,000
Other liabilities	-	-	428,841	466,613	966,567	238,231	133,036	2,233,288
	-	-	42,425,142	17,031,059	40,358,268	9,948,682	4,463,403	114,226,554
Net liquidity gap	2,199,638	700,929	(23,826,070)	(8,121,397)	(19,715,767)	39,223,152	19,864,078	10,324,563

Ho Chi Minh City Development Joint Stock Commercial Bank
HD Tower Building, 25 Bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam
Notes to the separate financial statements for the six-month period ended 30 June 2016 (continued)

Form B05a/TCITD
(Issued under Circular No. 49/2014/TT-NHNN dated 31 December 2014)

As at 31 December 2015	Overdue		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	Over 5 years VND million	Total VND million
	Overdue over 3 months VND million	Overdue up to 3 months VND million					
Assets							
Cash on hand, gold	-	1,465,199	-	-	-	-	1,465,199
Balances with the SBV	-	2,720,588	-	-	-	-	2,720,588
Deposits with and loans to other credit institutions – gross	103,620	5,521,681	5,643,505	1,495,000	-	-	12,763,806
Trading securities – gross	-	-	-	922,956	-	-	922,956
Derivatives and other financial assets	-	(938)	41,658	5,708	-	-	46,428
Loans and advances to customers – gross	682,373	775,260	4,545,980	13,871,316	17,869,374	12,328,313	52,462,714
Purchases of 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
Capital contribution, long-term investments – gross	-	-	-	-	-	994,880	994,880
Fixed assets	-	18,485	552	7,214	176,598	585,614	788,463
Investment properties	81,773	10,221	617,648	2,184,387	5,504,908	497,085	9,766,105
	876,456	785,481	11,249,753	19,616,154	40,586,805	16,716,268	103,656,798
Liabilities							
Borrowings from the Government and the State Bank of Vietnam	-	1,934,053	300,379	6,060	205,059	42,770	2,488,321
Deposits and borrowings from other credit institutions	-	3,755,489	1,448,955	690,000	-	-	5,894,444
Deposits from customers	-	25,733,508	14,883,713	30,096,013	3,869,465	694	74,583,393
Grants, entrusted funds, loans exposed to risks	-	-	-	13,555	5,821	2,803,187	2,822,563
Valuable papers issued	-	-	-	1,000,000	2,800,000	1,500,000	5,300,000
Other liabilities	-	348,145	526,023	900,871	171,741	70,162	2,016,942
	-	31,771,195	17,159,070	32,706,499	7,052,086	4,416,813	93,105,663
Net liquidity gap	876,456	785,481	(5,909,317)	(13,090,345)	33,534,719	12,299,455	10,551,135



(d) **Fair value versus carrying amount**

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

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the separate balance sheet at the reporting date, were as follows:

	30/6/2016		31/12/2015	
	Carrying amount VND million	Fair value VND million	Carrying amount VND million	Fair value VND million
<i>Categorised as financial assets at fair value through profit or loss:</i>				
- Derivatives and other financial assets	111,347	(*)	46,428	(*)
- Trading securities	916,034	(*)	916,034	(*)
<i>Categorised as held-to-maturity investments:</i>				
- Government bonds without quoted prices	12	(*)	12	(*)
- Other held-to-maturity securities	4,004,046	(*)	4,624,464	(*)
<i>Categorised as loans and receivables:</i>				
- Balances with the SBV	1,490,741	1,490,741	2,720,588	2,720,588
- Deposits with and loans to other credit institutions	14,667,774	(*)	12,660,186	(*)
- Loans and advances to customers	64,958,448	(*)	51,904,159	(*)
- Purchases of debts	5,489	(*)	5,489	(*)
- Receivables	3,879,640	(*)	4,856,446	(*)
- Interest and fees receivable	2,593,913	(*)	1,832,445	(*)
<i>Categorised as available-for-sale financial assets:</i>				
- Government bonds with quoted prices	14,815,681	14,880,458	-	-
- Government bonds without quoted prices	3,326,972	(*)	10,109,405	(*)
- Shares with quoted prices	109,477	111,624	118,469	120,738
- Other available-for-sale securities	5,673,844	(*)	6,345,365	(*)
- Capital contribution, long-term investments	899,807	(*)	883,806	(*)

	30/6/2016		31/12/2015	
	Carrying amount VND million	Fair value VND million	Carrying amount VND million	Fair value VND million
<i>Categorised as financial liabilities carried at amortised cost:</i>				
- Borrowings from the Government and the State Bank of Vietnam	221,763	(*)	2,488,321	(*)
- Deposits and borrowings from other credit institutions	10,437,483	(*)	5,894,444	(*)
- Deposits from customers	93,222,173	(*)	74,583,393	(*)
- Grants, entrusted funds, loans exposed to risks	2,811,847	(*)	2,822,563	(*)
- Valuable papers issued	5,300,000	(*)	5,300,000	(*)
- Interest and fees payable	1,812,791	(*)	1,672,100	(*)
- Other liabilities	94,270	(*)	106,465	(*)

(*) The Bank has not determined fair values of these financial instruments for disclosure in these financial statements because there is no quoted price in the market for these financial instruments, and 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 relevant statutory requirements applicable to financial reporting. The fair values of these financial instruments may differ from their carrying amounts.

42. Lease commitments

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

	30/6/2016 VND million	31/12/2015 VND million
Within one year	160,552	150,063
Over one year to five years	394,451	389,096
More than five years	603,667	611,821
	1,158,670	1,150,980

43. Seasonality or cyclical factors

The Bank's separate interim financial statements are not affected by seasonality or cyclical factors except for the followings:

(a) Allowance for special bonds issued by VAMC

As described in Note 3(i)(iii), the Bank makes specific allowance with the minimum amount of positive difference between 20% par value of each special bond less the recovered amount of related bad debts during the year. Annually within 5 consecutive working days prior the due date of special bonds, the Bank makes specific allowance once as mentioned above for these special bonds.

(b) Taxation

In accordance with the current tax regulations, corporate income tax is computed and finalised at the year-end. The corporate income tax for the six-month period is calculated by applying the tax rate of 20% to an interim taxable profit.

(c) Foreign exchange differences

As described in Note 3(a) and 3(d), unrealised foreign exchange differences are recognised in the foreign exchange revaluation reserve on the balance sheet at each month-end and are transferred to the separate statement of income at the end of annual accounting period.

(d) Statutory reserves

The Bank is required to make allocations to reserves to supplement charter capital and financial reserve annually. The Bank only makes allocations to the statutory reserves at the end of annual accounting period.

44. Changes in accounting estimates

There was no significant change in accounting estimates in these separate interim financial statements compared to those made in the most recent annual separate financial statements.

45. Unusual items

Except for seasonality or cyclical factors as described in Note 43, there was no significant unusual item incurred during the interim period.

46. Changes in the the Bank's structure

From 1 January 2016 to the date of issuance of these separate interim financial statements, there was no significant change in the Bank's structure.

Prepared by: 

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Chief Accountant

29 September 2016

Reviewed by: 

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Finance Director

Approved by: 



Nguyen Huu Dang
General Director

