

Saigon Thuong Tin Commercial Joint Stock Bank

Consolidated financial statements

31 December 2015

Saigon Thuong Tin Commercial Joint Stock Bank

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Saigon Thuong Tin Commercial Joint Stock Bank

GENERAL INFORMATION

THE BANK

Saigon Thuong Tin Commercial Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam.

The Bank was established and operates in accordance with Banking License No. 0006/NH-GP issued by the State Bank of Vietnam on 5 December 1991, Business Registration Certificate No. 0301103908 dated 13 January 1992 and other amendments issued by Ho Chi Minh City Department of Planning and Investment. The Bank's operation period is 100 years from 21 December 1991.

As at 1 October 2015, Southern Commercial Joint Stock Bank was officially merged into Saigon Thuong Tin Commercial Joint Stock Bank according to Decision No. 1844/QD-NHNN dated 14 September 2015 issued by the State Bank of Vietnam. Accordingly, Saigon Thuong Tin Commercial Joint Stock Bank has received and inherited all assets and obligations of Southern Commercial Joint Stock Bank since the date of merger.

The Bank is allowed to carry out full range of banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; providing short, medium and long-term loans to organizations and individuals based on the Bank's nature and capacity of the capital resources; foreign exchange trading; international trade financing services; discount of commercial papers, bonds and other valuable papers; providing settlement services; operating in monetary market; banking and financial consultancy; trading in government and corporate bonds; gold trading; cash management services, asset preservation, cabin and safer renting; entrustment and trusteeship services; insurance agent; brokerage and other banking services as allowed by the State Bank of Vietnam.

The Bank's head office is located at 266 - 268 Nam Ky Khoi Nghia Street, District 3, Ho Chi Minh City. As at 31 December 2015, the Bank had one (1) Head Office, one hundred and nine (109) branches located in cities and provinces in Vietnam, four hundred thirty two (432) domestic transaction offices and eleven (11) savings funds.

BOARD OF DIRECTORS

The members of the Bank's Board of Directors for the financial year ended 31 December 2015 and at the date of these consolidated financial statements are as follows:

<u>Name</u>	<u>Date of joining the Board of Directors</u>	<u>Current position</u>	<u>Date of appointment/ resignation</u>
Mr. Kieu Huu Dung	26 May 2012	Chairman	Appointed on 24 March 2014
Mr. Phan Huy Khang	26 May 2012	Vice Chairman cum General Director	Appointed on 15 November 2013
Mr. Nguyen Mien Tuan	26 May 2012	Vice Chairman	Appointed on 15 November 2013
Ms. Duong Hoang Quynh Nhu	26 May 2012	Member cum Deputy General Director	Appointed on 26 May 2012
Mr. Nguyen Gia Dinh	25 April 2013	Member	Appointed on 25 April 2013
Ms. Nguyen Thi Le An	25 April 2013	Member cum Deputy General Director	Appointed on 25 April 2013
Mr. Nguyen Van Cuu	25 April 2013	Independent member	Appointed on 25 April 2013
Mr. Tram Be	26 May 2012	Member	Resigned on 23 February 2017
Mr. Tram Khai Hoa	26 May 2012	Member	Resigned on 23 February 2017

Saigon Thuong Tin Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

BOARD OF SUPERVISION

The members of the Bank's Board of Supervision for the financial year ended 31 December 2015 and at the date of these consolidated financial statements are as follows:

<u>Name</u>	<u>Date of joining the Board of Supervision</u>	<u>Current Position</u>	<u>Date of appointment/resignation</u>
Mr. Nguyen Van Ly	26 May 2012	Chief Supervisor	Appointed on 15 April 2015
Ms. Nguyen Thi Thanh Mai	2 April 2011	Deputy Chief Supervisor	Appointed on 9 September 2015
Mr. Le Van Tong	2 April 2011	Member	Appointed on 2 April 2011
Mr. Nguyen Tan Thanh	2 April 2011	Chief Supervisor	Resigned on 15 April 2015

BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

The members of the Board of Management and Chief Accountant for the financial year ended 31 December 2015 and at the date of these consolidated financial statements are as follows:

<u>Name</u>	<u>Position</u>	<u>Date of appointment/resignation</u>
Mr. Phan Huy Khang	General Director	Appointed on 3 July 2012
Mr. Nguyen Van Nhan	Standing Deputy General Director	Appointed on 1 October 2015
Ms. Duong Hoang Quynh Nhu	Deputy General Director	Appointed on 14 June 2012
Ms. Nguyen Thi Le An	Deputy General Director	Appointed on 24 July 2012
Mr. Ha Van Trung	Deputy General Director	Appointed on 10 October 2012
Mr. Nguyen Minh Tam	Deputy General Director	Appointed on 21 May 2007
Mr. Phan Dinh Tue	Deputy General Director	Appointed on 14 June 2012
Ms. Quach Thanh Ngoc Thuy	Deputy General Director	Appointed on 5 February 2010
Mr. Trinh Van Ty	Deputy General Director	Appointed on 1 October 2015
Mr. Ly Hoai Van	Deputy General Director	Appointed on 30 August 2010
Mr. Nguyen Xuan Vu	Deputy General Director	Appointed on 28 August 2013
Mr. Bui Van Dung	Deputy General Director	Appointed on 29 March 2012
Mr. Ha Ton Trung Hanh	Deputy General Director	Appointed on 28 February 2013
Mr. Dao Nguyen Vu	Deputy General Director	Appointed on 27 June 2007
Mr. Nguyen Ba Tri	Deputy General Director	Appointed on 26 July 2012
Ms. Ha Quynh Anh	Deputy General Director	Appointed on 28 June 2012
Mr. Vo Anh Nhue	Deputy General Director	Appointed on 1 October 2012
Mr. Hoang Thanh Hai	Deputy General Director	Appointed on 7 April 2014
Mr. Tran Minh Khoa	Deputy General Director	Appointed on 2 January 2014
Mr. Ho Doan Cuong	Deputy General Director	Appointed on 1 October 2012
Ms. Nguyen Duc Thach Diem	Deputy General Director	Appointed on 7 April 2014
Mr. Le Minh Tam	Deputy General Director	Appointed to be General Director of Remittance Company on 20 May 2015
Mr. Le Trong Tri	Deputy General Director	Resigned on 4 April 2017
Mr. Huynh Thanh Giang	Chief Accountant	Appointed on 1 June 2012

LEGAL REPRESENTATIVE

The legal representative of the Bank for the financial year ended 31 December 2015 and at the date of these consolidated financial statements is Mr. Phan Huy Khang - General Director.

Saigon Thuong Tin Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

AUDITORS

The auditor of the Bank and its subsidiaries is Ernst & Young Vietnam Limited.

SIGNIFICANT EVENTS DURING THE YEAR AND AT THE DATE OF THESE CONSOLIDATED FINANCIAL STATEMENTS

According to Decision No. 1844/QĐ-NHNN of the State Bank of Vietnam dated 14 September 2015, Southern Commercial Joint Stock Bank ("PNB") was merged into Saigon Thuong Tin Commercial Joint Stock Bank on 1 October 2015. Accordingly, Saigon Thuong Tin Commercial Joint Stock Bank ("STB") has received and inherited all assets and obligations of Southern Commercial Joint Stock Bank since the date of merger.

According to Official Letter No. 7168/NHNN-TTGSNH dated 21 September 2015 by the State Bank of Vietnam, Official Letter No. 6924/UBCK-QLPH dated 4 November 2015 by the State Securities Commission and Official Letter No. 09/2006/GCNCP-VSD dated 12 November 2015 by the Vietnam Securities Depository, Saigon Thuong Tin Commercial Joint Stock Bank increased its charter capital to VND18,852,157 million from the merger of Southern Commercial Joint Stock Bank and from bonus shares issuance and share dividends payment for 2013 and 2014 of Saigon Thuong Tin Commercial Joint Stock Bank amounting to VND4,000 billion and VND2,427,041 million, respectively.

On 3 August 2015, with the approval of the Bank of Lao P.D.R and the State Bank of Vietnam, Saigon Thuong Tin Commercial Joint Stock Bank officially converted its branch in Laos into a 100% foreign-owned bank named Saigon Thuong Tin Lao Bank Limited (Lao Sacombank), a subsidiary of the Bank.

On 22 May 2017, the Post-merger Restructuring Plan of Saigon Thuong Tin Commercial Joint Stock Bank for the period up to 2025 and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, special bonds issued by VAMC, bad debts, doubtful assets and investment securities during the restructuring period was approved by the State Bank of Vietnam according to Decision No. 34/QĐ-NHNN.Tym and Official Letter No. 426/NHNN-TTGSNH.Tym.

Saigon Thuong Tin Commercial Joint Stock Bank

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon Thuong Tin Commercial Joint Stock Bank ("the Bank") is pleased to present its report and the consolidated financial statements of the Bank and its subsidiaries as at and for the financial year ended 31 December 2015.

THE BOARD OF MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Bank and its subsidiaries and of the consolidated results of their operations and their consolidated cash flows for each financial year. In preparing those consolidated financial statements, the Board of Management is required to:

- ▶ select suitable accounting policies and apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiaries will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank and its subsidiaries and ensuring that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management commits to comply with the above requirements in preparing the accompanying consolidated financial statements for the financial year ended 31 December 2015.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2015, of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period and statutory requirements relevant to preparation and presentation of the consolidated financial statements.



On behalf of the Board of Management.

Mr. Hoang Huy Khang
General Director

Ho Chi Minh City, Vietnam

29 May 2017



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Reference: 60857352/17860423-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Saigon Thuong Tin Commercial Joint Stock Bank

We have audited the accompanying consolidated financial statements of Saigon Thuong Tin Commercial Joint Stock Bank ("the Bank") and its subsidiaries as prepared on 29 May 2017 and set out on pages 7 to 88, which comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

The Board of Management's responsibility

The Bank's Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period and statutory requirements relevant to preparation and presentation of the consolidated financial statements, and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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



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Opinion

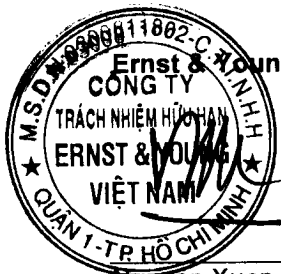
In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2015, and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period and statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Emphasis of matter

As disclosed in Note 5, Southern Commercial Joint Stock Bank ("PNB") was merged into Saigon Thuong Tin Commercial Joint Stock Bank ("STB") on 1 October 2015 according to Decision No. 1844/QD-NHNN dated 14 September 2015 issued by the State Bank of Vietnam. Accordingly, Saigon Thuong Tin Commercial Joint Stock Bank has received and inherited all assets, rights, obligations and legitimate interests of Southern Commercial Joint Stock Bank since the date of merger. The Bank issued additional 400 million STB shares, equivalent to VND4,000 billion at par value, to swap shares of PNB shareholders.

Simultaneously, the Bank prepared and submitted the Post-merger Restructuring Plan to the State Bank of Vietnam for approval. On 22 May 2017, the Post-merger Restructuring Plan of Saigon Thuong Tin Commercial Joint Stock Bank and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period was approved by the State Bank of Vietnam according to Decision No. 34/QD-NHNN.Tym and Official Letter No. 426/NHNN-TTGSNH.Tym (see Note 3.3). Accordingly, the basis for recognition, measurement and presentation of these items in the consolidated financial statements was made according to the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals in the Restructuring Plan which are presented in relevant notes to the consolidated financial statements.

Our opinion is not modified in respect of this matter.



Nguyễn Xuân Dai
Deputy General Director
Audit Practicing Registration
Certificate No. 0452-2013-004-1

Nguyễn Quốc Tuấn
Auditor
Audit Practicing Registration
Certificate No. 1841-2013-004-1

Ho Chi Minh City, Vietnam

29 May 2017

Saigon Thuong Tin Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET
as at 31 December 2015

B02/TCTD-HN

	Notes	Ending balance VND million	Beginning balance VND million
ASSETS			
Cash, gold and precious stones	6	6,586,478	4,815,942
Balances with central banks	7	7,497,267	4,289,757
Due from and loans to other credit institutions		2,207,868	3,630,099
Due from other credit institutions	8.1	2,207,868	2,894,719
Loans to other credit institutions	8.2	552	735,380
Provision for credit losses	12	(552)	-
Held-for-trading securities	9	95,334	7,683,341
Held-for-trading securities		124,841	7,732,428
Provision for held-for-trading securities		(29,507)	(49,087)
Derivatives and other financial assets	10	-	12,151
Loans and finance leases to customers		183,660,021	126,646,093
Loans and finance leases to customers	11	185,916,813	128,015,011
Provision for credit losses of loans to customers	12	(2,256,792)	(1,368,918)
Purchased debts		-	-
Purchased debts		300	-
Provision for credit losses purchased debts		(300)	-
Investment securities	13	39,678,056	25,925,440
Available-for-sale securities	13.1	25,109,203	20,250,805
Held-to-maturity securities	13.2	16,148,253	5,935,128
Provision for investment securities	13.4	(1,579,400)	(260,493)
Long-term investments		594,542	264,513
Other long-term investments	14.1	897,843	400,749
Provision for long-term investments	14.2	(303,301)	(136,236)
Fixed assets		7,967,719	5,198,975
<i>Tangible fixed assets</i>	<i>15.1</i>	<i>4,530,436</i>	<i>2,831,507</i>
Cost		6,553,671	4,105,565
Accumulated depreciation		(2,023,235)	(1,274,058)
<i>Finance lease</i>	<i>15.2</i>	<i>70</i>	<i>188</i>
Cost		596	596
Accumulated depreciation		(526)	(408)
<i>Intangible fixed assets</i>	<i>15.3</i>	<i>3,437,213</i>	<i>2,367,280</i>
Cost		4,089,239	2,868,438
Accumulated amortization		(652,026)	(501,158)
Other assets		43,745,451	11,336,316
Receivables	16.1	17,175,891	4,864,718
Interest and fees receivable	16.2	25,207,349	5,149,188
Deferred tax assets	21	94,588	60,607
Other assets	16.3	1,853,427	1,695,385
- In which: Goodwill		-	15,120
Provision for other assets	16.4	(585,804)	(433,582)
TOTAL ASSETS		292,032,736	189,802,627

Saigon Thuong Tin Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2015

B02/TCTD-HN

	Notes	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
LIABILITIES			
Due to and borrowings from other credit institutions		2,954,073	4,410,606
Due to other credit institutions	17.1	657,127	1,859,762
Borrowings from other credit institutions	17.2	2,296,946	2,550,844
Due to customers	18	260,994,745	163,057,456
Derivatives and other financial liabilities	10	22,853	-
Grants, entrusted funds and loans exposed to risks	19	1,793,234	1,115,813
Valuable papers issued		600	600
Other liabilities		4,186,736	3,154,951
Interest and fees payable		3,065,170	1,924,092
Deferred tax liabilities	21	21,359	868
Other liabilities	20	1,100,207	1,229,991
TOTAL LIABILITIES		269,952,241	171,739,426
OWNERS' EQUITY			
Capital		18,166,632	12,590,879
Charter capital		18,852,157	12,425,116
Fund for capital expenditure		1,121	795
Share premium		63,612	1,671,693
Treasury shares		(750,911)	(1,506,878)
Other capital		653	153
Reserves		2,419,833	1,938,962
Foreign currency translation reserve		229,077	104,270
Retained earnings		1,264,953	3,429,086
Non-controlling interest		-	4
TOTAL OWNERS' EQUITY	22.1	22,080,495	18,063,201
TOTAL LIABILITIES AND OWNERS' EQUITY		292,032,736	189,802,627

Saigon Thuong Tin Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2015

B02/TCTD-HN

OFF-BALANCE SHEET ITEMS

Notes	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Guarantees for borrowings	32,404	190,294
Commitments on foreign exchange transactions	14,423,048	38,574,959
- <i>Commitments on buying foreign currencies</i>	2,537,450	4,346,830
- <i>Commitments on selling foreign currencies</i>	1,970,586	3,265,376
- <i>Commitments on swap transactions</i>	9,915,012	30,962,753
Letters of credit	6,339,073	8,168,215
Other guarantees	3,854,693	3,242,532
Other commitments	11,271	11,103
36	24,660,489	50,187,103

Prepared by:



Mr. Luu Van Hoa
Accountant

Reviewed by:



Mr. Huynh Thanh Giang
Chief Accountant

Approved by:



Mr. Phan Huy Khang
General Director

Ho Chi Minh City, Vietnam

29 May 2017

Saigon Thuong Tin Commercial Joint Stock Bank

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2015

B03/TCTD-HN

	Notes	Current year VND million	Previous year VND million
Interest and similar income	24	15,892,850	15,195,969
Interest and similar expenses	25	(9,317,743)	(8,631,311)
Net interest and similar income		6,575,107	6,564,658
Fee and commission income		1,740,796	1,443,862
Fee and commission expenses		(569,533)	(495,379)
Net fee and commission income	26	1,171,263	948,483
Net gain from foreign currencies and gold trading	27	158,842	196,167
Net gain from dealing of held-for-trading securities	28	11,455	183,086
Net (loss)/gain from dealing of investment securities	29	(99,478)	169,024
Other operating income		479,034	192,607
Other operating expenses		(20,182)	(59,045)
Net gain from other operating activities	30	458,852	133,562
Net income from long-term investments	31	12,675	54,508
TOTAL OPERATING INCOME		8,288,716	8,249,488
Personnel expenses		(2,858,094)	(2,577,294)
Depreciation and amortization charges		(333,024)	(287,688)
Other operating expenses		(1,963,429)	(1,595,631)
TOTAL OPERATING EXPENSES	32	(5,154,547)	(4,460,613)
Net operating profit before credit loss expenses		3,134,169	3,788,875
Credit loss expenses	12	(2,256,014)	(962,588)
PROFIT BEFORE TAX		878,155	2,826,287
Current corporate income tax expense	21	(242,858)	(576,216)
Deferred corporate income tax income/(expense)	21	12,622	(43,639)
Total corporate income tax expenses		(230,236)	(619,855)
NET PROFIT AFTER TAX		647,919	2,206,432
<i>Attributable to:</i>			
Equity holders of the Bank		647,919	2,206,436
Minority interest		-	(4)
Basic earnings per share (VND)	23	444	1,292
Diluted earnings per share (VND)	23	444	1,292

Prepared by:



Mr. Luu Van Hoa
Accountant

Reviewed by:



Mr. Huynh Thanh Giang
Chief Accountant

Approved by:



Phan Huy Khang
General Director

Ho Chi Minh City, Vietnam

29 May 2017

Saigon Thuong Tin Commercial Joint Stock Bank

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2015

B04/TCTD-HN

	Notes	Current year VND million	Previous year VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		15,648,740	13,985,472
Interest and similar payments		(8,987,452)	(8,530,512)
Net fee and commission receipts		1,188,601	1,028,491
Net receipts from trading of securities, gold and foreign currencies		140,029	200,244
Receipts from other activities		37,740	46,768
Recoveries from bad debts written-off previously		139,467	6,046
Payments to employees and other operating expenses		(4,164,667)	(3,939,477)
Corporate income tax paid during the year	21	(514,536)	(480,746)
Net cash from operating activities before changes in operating assets and liabilities		3,487,922	2,316,286
Changes in operating assets		(27,510,472)	(24,498,216)
Decrease in due from and loans to other credit institutions		734,827	1,770,462
Increase in investment securities		(4,264,314)	(2,763,071)
Decrease in derivatives and other financial assets		-	31,845
Increase in loans and finance leases to customers		(23,417,321)	(23,029,919)
Decrease in provisions used for compensation of losses		(43,886)	(50,836)
Increase in other operating assets		(519,778)	(456,697)
Changes in operating liabilities		18,857,824	26,933,553
Decrease in borrowings from the state bank		(1,050,498)	-
Decrease in due to and borrowings from other credit institutions		(1,456,851)	(1,569,716)
Increase in due to customers		20,514,104	31,412,834
Decrease in valuable papers issued		-	(500,547)
Increase/(decrease) in grants, entrusted funds and loans exposed to risks		677,421	(2,316,246)
Increase in derivatives and other financial liabilities		35,004	-
Increase in other operating liabilities		411,814	121,124
Reverses utilized during the year		(273,170)	(213,896)
Net cash (used in)/from operating activities		(5,164,726)	4,751,623
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase and constructions of fixed assets		(563,101)	(523,110)
Proceeds from disposals of fixed assets		10,680	17,451
Proceeds from disposal of investments in other entities		626	21
Dividends received and profits shared from long-term investments	31	12,675	48,153
Net cash used in investing activities		(539,120)	(457,485)

Saigon Thuong Tin Commercial Joint Stock Bank

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2015

B04/TCTD-HN

	Notes	Current year VND million	Previous year VND million
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends distributed to shareholders	22.4	(698)	(35,073)
Cash used in financing activity		(698)	(35,073)
Net cash flows during the year		(5,704,544)	4,259,065
Cash and cash equivalents at beginning of year	33	19,566,393	15,299,928
Cash and cash equivalents from merger of Southern Commercial Joint Stock Bank		2,304,957	-
Foreign exchange differences		124,807	7,400
Cash and cash equivalents at end of year	33	16,291,613	19,566,393

Prepared by:



Mr. Luu Van Hoa
Accountant

Reviewed by:



Mr. Huynh Thanh Giang
Chief Accountant

Approved by:



Phan Huy Khang
General Director

Ho Chi Minh City, Vietnam

29 May 2017

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2015

B05/TCTD-HN

1. BANK INFORMATION

Saigon Thuong Tin Commercial Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam.

Establishment and Operations

The Bank was established and operates in accordance with Banking License No. 0006/NH-GP issued by the State Bank of Vietnam on 5 December 1991, Business Registration Certificate No. 0301103908 dated 13 January 1992 and other amendments issued by Ho Chi Minh City Department of Planning and Investment. The Bank's operation period is 100 years from 21 December 1991.

On 1 October 2015, Southern Commercial Joint Stock Bank was officially merged into Saigon Thuong Tin Commercial Joint Stock Bank according to Decision No. 1844/QD-NHNN dated 14 September 2015 issued by the State Bank of Vietnam. Accordingly, Saigon Thuong Tin Commercial Joint Stock Bank has received and inherited all assets and obligations of Southern Commercial Joint Stock Bank since the date of merger.

The Bank is allowed to carry out full range of banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; providing short, medium and long-term loans to organizations and individuals based on the Bank's nature and capacity of the capital resources; foreign exchange trading; international trade financing services; discount of commercial papers, bonds and other valuable papers; providing settlement services, operating in monetary market; banking and financial consultancy; trading in government and corporate bonds; gold trading; cash management services, asset preservation; cabin and safer renting; entrustment and trusteeship services; insurance agent; brokerage and other banking services as allowed by the State Bank of Vietnam.

Charter capital

The charter capital of the Bank as at 31 December 2015 amounted to VND18,852,157 million (31 December 2014: VND12,425,116 million).

Network

The Bank's head office is located at 266 - 268 Nam Ky Khoi Nghia Street, District 3, Ho Chi Minh City. As at 31 December 2015, the Bank had one (1) Head Office, one hundred and nine (109) branches located in cities and provinces in Vietnam, four hundred thirty two (432) domestic transaction offices and eleven (11) savings funds.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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1. BANK INFORMATION (continued)

Subsidiaries

As at 31 December 2015, the Bank has six (6) subsidiaries as follows:

Subsidiary	Establishment License No.	Nature of business	Ownership
Sacombank Asset Management Co., Ltd.,	4104000053	Asset management	100%
Sacombank Leasing Co., Ltd., 04/GP-NHNN		Mobilizing capital and leasing activities	100%
Sacombank Remittance Express Co., Ltd.,	90/QĐ-NHNN	Foreign currency remittance service and foreign exchange agent	100%
Sacombank Jewelry Co., Ltd., 4104003812		Retailing gold, silver and precious stones, jewelry; commercial inspection; gold trading, manufacturing gold and jewelry	100%
Sacombank (Cambodia) Plc.	N.27	Banking business	100%
Sacombank (Lao) Plc.	1858/NHNN-TTGSNH	Banking business	100%

Phuong Nam Asset Management Co., Ltd., was merged into Sacombank Asset Management Co., Ltd., on 1 October 2015 in accordance with the approval of the State Bank of Vietnam in the Official Letter No. 7157/NHNN-TTGSNH dated 21 September 2015.

In addition, Sacombank Jewelry Company Limited owns a below subsidiary:

Subsidiary	Establishment License No.	Nature of business	Ownership
Hypertek Co., Ltd.,	0309998954	Trading in machinery and equipment, providing IT solutions and services	100%

SBJ Cambodia Co., Ltd., is a subsidiary of Sacombank Jewelry Company Limited. The Company submitted an application to the General Department of Taxation Cambodia on 5 May 2014 for discontinuing its operation from 1 July 2014. The General Department of Taxation Cambodia notified SBJ Cambodia Co., Ltd., on 4 September 2014 of tax inspection before dissolution. On 27 November 2015, the Ministry of Planning and Development issued Official Letter No. 10578/BKHDT-DTNN to invalidate from 15 November 2015 the Certificate of Foreign Investment No. 353/BKHDT-DTNN dated 1 June 2010.

Employees

The Bank has 16,485 employees as at 31 December 2015 (31 December 2014: 12,608 employees).

2. FISCAL YEAR AND ACCOUNTING CURRENCY

2.1 **Fiscal year**

The Bank and its subsidiaries' fiscal year starts on 1 January and ends on 31 December.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

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2. FISCAL YEAR AND ACCOUNTING CURRENCY (continued)

2.2 *Currency unit used in accounting*

The currency used in the Bank and its subsidiaries' accounting is Vietnam dong ("VND"). According to Circular No. 49/2014/TT-NHNN, for the purpose of preparing these consolidated financial statements, the data is rounded to millions and expressed in millions of Vietnam dong ("VND million").

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 *Statement of compliance*

The Board of Management confirms that the accompanying consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period and statutory requirements relevant to preparation and presentation of the consolidated financial statements.

3.2 *Accounting standards and system*

The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the Accounting System applicable to credit institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004 and Circular No. 10/2014/TT-NHNN dated 20 March 2014 amending and supplementing Decision No. 479/2004/QD-NHNN; the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN, the Decision No. 34/QD-NHNN.Tym and the Official Letter No. 426/NHNN-TTGSNH.Tym dated 22 May 2017 issued by the State Bank of Vietnam relating to the official approvals of the State bank of Vietnam for the Post-merger Restructuring Plan of Saigon Thuong Tin Commercial Joint Stock Bank and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan as presented at Note 3.3 and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying consolidated balance sheet, consolidated income statement, consolidated cash flow statement and notes to the consolidated financial statements and their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices, and furthermore are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.2 *Accounting standards and system* (continued)

Items which are not presented in the consolidated financial statements in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the State Bank of Vietnam indicate nil balance.

3.3 *Main contents of the Post-merger Restructuring Plan as approved by the State Bank of Vietnam*

On 22 May 2017, the Post-merger Restructuring Plan of Saigon Thuong Tin Commercial Joint Stock Bank for the period up to 2025 and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period was approved by the State Bank of Vietnam according to Decision No. 34/QĐ-NHNN.Tym and Official Letter No. 426/NHNN-TTGSNH.Tym. These proposals are summarized as follows:

- ▶ **Accrued interest receivables:** The Bank is permitted to block some accrued interest receivables of bad debts and doubtful assets in its consolidated financial statements as at 31 December 2015 and make an annual amortization of such blocked interest into the profit and loss based on its financial capacity within a maximum period of 10 years according to its Restructuring Plan (*Note 16.2*).
- ▶ **Provision for credit losses:** The Bank is permitted to make and allocate provision for credit losses based on its financial capacity during the restructuring period of the Restructuring Plan (*Note 11.1 and 12*).
- ▶ **Special bonds issued by VAMC:** The Bank is permitted to make and allocate provision for special bonds issued by VAMC based on its financial capacity during the term of the bonds (*Note 12*).
- ▶ **Doubtful assets:** The Bank is required to set up specific processes and schedules to implement the fast resolutions of foreclosed assets for debt recoveries in order to recover its capital. It is allowed to sell its bad debts and doubtful assets to organizations and individuals at market prices and make an annual amortization of losses arising from sales of these debts into its profit and loss based on its financial capacity within a maximum period of 5 years from the selling date (*Note 16*).
- ▶ **Securities investments in excess of 11% of the investee's charter capital and cross ownership:** The Bank is approved to apply the proposed schedule in the Restructuring Plan for resolution of these investments to comply with current regulations (*Note 13 and 14*).

3.4 *Consolidation of financial statements*

The consolidated financial statements include the financial statements of the Bank and of its subsidiaries as at 31 December 2015. The financial statements of subsidiaries are fully consolidated from the date of acquisition, being the date on which Bank obtains control, and continued being consolidated up to the date such control ceases. The control is achieved when the Bank has the power, directly or indirectly, to govern the financial and operating policies of subsidiaries so as to obtain economic benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

All intra-group balances, income and expenses and unrealized gains or losses resulting from intra-group transactions are eliminated in full.

Non-controlling interest represents the portion of profit or loss and of net assets of the subsidiaries not held by the Bank and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from the parent shareholders' equity.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.4 *Consolidation of financial statements* (continued)

The effect of changes in the ownership ratio in a subsidiary without losing control is accounted for in the undistributed profit after tax/accumulated loss.

3.5 *Accounting estimates and assumptions*

The preparation of the consolidated financial statements requires the Board of Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, the expenses and the provisions. Such estimates are based on assumptions involving varying degrees of subjectivity and uncertainty. Therefore, actual results may differ from estimates, resulting in future changes in such items.

3.6 *Going concern*

The Board of Management has taken all necessary measures to maintain the Bank's operation continuity, including the recovery of matured debts and bad debts, maintenance of existing customer deposits and finding new customers, strict control of operating expenses, etc. Simultaneously, the Board of Management has also implemented the bad debt recovery and restructuring according to the Merger Plan and the Restructuring Plan as approved by the State Bank of Vietnam. The Board of Management believes that with the implementation of the above measures, the Bank will continue to operate in the definite future. As a result, these consolidated financial statements have been prepared on the going concern assumption basis.

3.7 *Changes in accounting policies and disclosures*

The accounting policies used by the Bank and its subsidiaries in preparing these consolidated financial statements are consistent with those used in preparing the consolidated financial statements for the year ended 31 December 2014, except for the changes in the accounting policies in relation to the following:

Adjustment of loan classification result in accordance with Circular No. 02/2013/TT-NHNN ("Circular 02") and Circular No. 09/2014/TT-NHNN ("Circular 09")

From 1 January 2015, credit institutions, foreign bank branches must use result of classification of customer debt group supplied by Credit Information Center ("CIC") at the classification time in order to adjust their result of self-classification of debts, off-balance sheet commitments. If debts and off-balance sheet commitments of customers are classified into the group of debts with lower risk than that provided by the CIC, credit institutions, foreign bank branches must adjust result of classification of debts, off-balance sheet commitments according to the debt group supplied by the CIC.

In addition, Clause 3a, Article 10 of Circular 02 officially ceased to be effective on 1 April 2015. Accordingly, the Bank and its subsidiaries are not permitted to restructure time limit for debt payment and keep intact group of debt as group already been classified as prescribed in Clause 3a, Article 10.

Circular No. 49/2014/TT-NHNN - Amending and supplementing several articles of financial reporting regime for credit institutions issued in conjunction with Decision No. 16/2007/QD-NHNN dated 18 April 2007 and the Accounting System for Credit Institutions issued in conjunction with the Decision No. 479/2004/QD-NHNN dated 29 April 2004 by the Governor of the State Bank of Vietnam ("Circular 49")

On 31 December 2014, the Governor of the SBV issued Circular 49 effective on 15 February 2015 amending and supplementing some articles of financial reporting regime for credit institutions as promulgated in Decision No. 16/2007/QD-NHNN dated 18 April 2007 and the Accounting System for Credit Institutions as promulgated in Decision No. 479/2004/QD-NHNN dated 29 April 2004 issued by the Governor of State Bank of Vietnam.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

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3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.7 *Changes in accounting policies and disclosures* (continued)

Accordingly, the forms of the financial statements have some significant changes as follows:

- ▶ Supplementing the templates of the balance sheet, income statement and cash flow statement according to the amendments and supplements as promulgated in Circular 02, Circular 09 and Circular 10;
- ▶ Supplementing some notes to financial statements in compliance with amendments of financial statements including balance sheet, income statement and cash flow statement.

Circular No. 14/2015/TT-NHNN issued on 28 August 2015 by the SBV amending, supplementing some articles of Circular No. 19/2013/TT-NHNN on the purchase, sale and settlement of bad debts of Vietnam Asset Management Company ("Circular 14")

In accordance with Circular 14, each year within 5 consecutive working days prior to the maturity date of special bonds issued by Vietnam Asset Management Company ("VAMC"), credit institutions are obliged to fully make a minimum specific provision as required for such year depending on the type and maturity of the bonds. The formula for calculation of specific provision is also set out in Clause 2, Article 46 of this Circular. The Circular takes effect from 15 October 2015.

Circular No. 200/2014/TT-BTC – Superseding enterprise accounting regime as promulgated in Decision No.15/2016/QĐ – BTC ("Circular 200")

On 22 December 2014, the Ministry of Finance issued the Circular 200 providing guidance on enterprise accounting. Circular 200 is effective for the financial year beginning on or after 1 January 2015. Below are some new requirements of Circular 200 compared with Decision 15 which might have impact the Bank and its subsidiaries' accounting policies and preparation of financial statements:

- ▶ Provision for diminution in value of long-term investments:
 - For an investment in listed shares or shares which their fair value can be determined reliably, provision shall be made based on the shares' market value (similarly to provision for diminution in value of held-for-trading securities);
 - For an investment in shares which fair value cannot be reliably determined on the reporting date, provision shall be made based on the loss incurred by the investee (provision for loss of investment in other entities).
- ▶ Presentation of the income statement:
 - Other income and expenses: difference between receivable with residual value and expense on liquidation or sales of fixed assets and real estates is presented on net basis.
- ▶ Some highlights on profit appropriation:
 - The Bank is entitled to distribute its earnings to the shareholders which shall not exceed the undistributed after-tax profits on the consolidated financial statements after eliminating the impact of profits recognized from a bargain purchase. If the undistributed after-tax profit on the Bank's consolidated financial statements is higher than that on its separate financial statements and if the earnings approved to be distributed exceed the undistributed after-tax profits on the separate financial statements, the Bank is only allowed to make the appropriation of profits after its subsidiaries' profits are transferred to the Bank.
 - The Bank, when distributing profits, should consider the impact of non-monetary items included in the undistributed earnings on its cash flows and ability to pay dividends and distribute profits.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.7 *Changes in accounting policies and disclosures* (continued)

The effects of the change in accounting policies in accordance with Circular 200 to the Bank and its subsidiaries are applied on a prospective basis as Circular 200 does not require a retrospective application.

Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements ("Circular 202")

On 22 December 2014, the Ministry of Finance issued the Circular 202 replacing section XIII of Circular No. 161/2007/TT-BTC dated 31 December 2007. Circular 202 is effective for the preparation and presentation of consolidated financial statements for the financial years beginning on or after 1 January 2015.

The effects of the change in accounting treatment in accordance with Circular 202 to the Bank and its subsidiaries are applied on a prospective as this Circular does not require a retrospective application.

3.8 *Issued accounting policies which have not been yet effective*

The National Assembly approved Law on Accounting No. 88/2015/QH13 ("New Accounting Law") on 20 November 2015. The New Accounting Law supplements regulations on electronic vouchers and stipulates regulations on measurement and recognition at fair value of certain types of assets and liabilities which their values are frequently changes in line with market values and can be determined reliably. The New Accounting Law comes into effect from 1 January 2017.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, gold, balances with the State Bank, treasury notes and other short-term valuable papers which can be discounted with the State Bank, due from and loans to other credit institutions on demand or with an original maturity of less than three months from the transaction date and securities investments with maturity of less than three months from purchase dates which are readily convertible into certain amounts of cash and subject to insignificant risks of change in value since the purchase date.

4.2 *Purchased debts*

Purchased debts are recognized at the amount which has been paid for debt purchase and classified into the group of risk which is not lower than the group of debts classified before purchase. Interest receipt including the interest incurred before the purchase is recognized using the following principle: (i) reduce the value of purchased debts by the amount of interest incurred before the purchase date, (ii) recognize the interest income in the period by the amount incurred after the purchase date.

The Bank and its subsidiaries classify loan group and make provision against credit risks for purchased debts in accordance with regulations on setting up risk provisions and using of provisions against credit risks presented in *Note 4.4*.

4.3 *Loans and finance leases to customers*

Loans and finance leases to customers are disclosed and presented at the principal amounts outstanding at the end of the financial year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Provision for credit losses

Provision for due from and loans to other credit institutions, purchased and entrusted unlisted corporate bonds, originated or entrusted loans to customers (collectively referred to "debts") is made in compliance with the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, special bonds issued by VAMC, bad debts, doubtful assets and investment securities during the restructuring period (Note 3.3).

The classification of due from and loans to other credit institutions, purchased and entrusted unlisted corporate bonds, originated or entrusted loans to customers is made in accordance with the quantitative method prescribed in Article 10 of Circular 02/2013/TT-NHNN ("Circular 02") and Circular 09/2014/TT-NHNN amended and supplemented some articles of Circular 02 ("Circular 09") which is presented as follows:

Group		Description
1	Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.
2	Special mention	(a) Debts are overdue for a period of between 10 days and 90 days; or (b) Debts which the repayment terms are restructured for the first time.
3	Sub-standard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Debts which the repayment terms are extended for the first time; or (c) Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: <ul style="list-style-type: none"> ▪ Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions ; or ▪ Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions ; or ▪ Debts made in compliance with Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions.
4	Doubtful	(a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time; or (d) Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 *Provision for credit losses* (continued)

Group		Description
5	Loss	<p>(a) Debts are overdue for a period of more than 360 days; or</p> <p>(b) Debts which the repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or</p> <p>(c) Debts which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or</p> <p>(d) Debts which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or</p> <p>(e) Debts are specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or</p> <p>(f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or</p> <p>(g) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches which capital and assets are blocked.</p>

If a customer has more than one debts with the Bank and any of outstanding debts is classified into a higher risk group, entire remaining debts should be also classified into the higher risk group.

When the Bank and its subsidiaries participate in a syndicated loan as a participant, they classify such loan (including syndicated loans) into a higher risk group between the Bank and its subsidiaries' assessment and the leading bank's assessment.

4.5 *Loans sold to Vietnam Asset Management Company ("VAMC")*

The Bank and its subsidiaries sell loans to VAMC at the carrying amount in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on "Establishment, structure and operations of Vietnam Asset Management Company", Circular No. 19/2013/TT-NHNN "Regulations on selling, purchasing and writing-off of bad debts of Vietnam Asset Management Company", Circular No. 14/2015/TT-NHNN and Circular No. 08/2016/TT-NHNN amending and supplementing Circular No. 19/2013/TT-NHNN and Official Letter No. 8499/NHNN-TCKT on "Accounting guidance on selling and purchasing of loan transactions between VAMC and credit institutions". Accordingly, the selling price is the outstanding loan balance minus (-) unused balance of specific provision and is received in the form of special bonds issued by VAMC.

Upon the sale of loans to VAMC, the Bank and its subsidiaries write off loan balances and corresponding specific provisions and recognizes special bonds issued by VAMC at par value determined as the difference between the loan balance sold and corresponding specific provision. When receiving back loans previously sold to VAMC, the Bank and its subsidiaries use annual specific provisions for special bonds to write off such bad debts. The difference between provision for VAMC bonds and the remaining outstanding balance of loan /bond will be recognized as in "Other income" in the consolidated income statement.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 *Held-for-trading securities*

Held-for-trading securities include debt, equity and other securities acquired by the Bank and its subsidiaries for resale in the short-term period for benefits from price variance.

Held-for-trading securities are initially recognized at cost and presented at cost minus provision for held-for-trading securities in subsequent periods. Gains or losses from the disposal of held-for-trading securities are recognized in the consolidated income statement.

Interest earned and dividends received during the holding period of held-for-trading securities are recognized in the consolidated income statement on a cash basis.

Held-for-trading securities are made provision for impairment when the carrying amount is higher than the market value determined in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 ("Circular 228") and Circular 89/2013/TT-BTC dated 28 June 2013 ("Circular 89") amended and supplemented some articles of Circular 228.

- ▶ The market values of listed securities are determined based on the quoted prices on the stock markets (which are closing prices on the stock exchange) as at the financial year-end date.
- ▶ The market values of unlisted shares which have been registered on the unlisted public companies market (UPCoM), are the closing prices traded on the system as at the financial year-end date.
- ▶ The market values of unlisted shares which have not been registered on the unlisted public companies market (UPCoM) are the average public price quotations obtained from at least three (3) reputable and large securities companies in the market.
- ▶ Other securities that have no quoted prices are carried at cost.

Provision for held-for-trading securities is recognized in the "*Net gain/(loss) from dealing of held-for-trading securities*" in the consolidated income statement.

For corporate bonds that have not been listed on the stock exchange or have not been registered for trading on the trading market of unlisted public companies, the provision is calculated as described in *Note 4.4*.

4.7 *Investment securities*

4.7.1 *Held-to-maturity securities*

(i) Special bonds issued by VAMC

Special bonds issued by VAMC are valuable papers with specific terms issued by VAMC to purchase bad debts from the Bank and its subsidiaries. Special bonds are recognized at par value at the transaction date and continuously recorded at par value in subsequent periods. Par value of special bonds relating to the bad debts sold, is the difference between the outstanding loan balance and unused balance of specific provision of loan.

Specific provision for special bonds issued by VAMC is calculated annually in accordance with Circular No. 19/2013/TT-NHNN regulating the purchase, sale and settlement of bad debts with VAMC, Circular No. 14/2015/TT-NHNN dated 28 August 2015 and Circular No. 08/2016/TT-NHNN dated 16 June 2016 amending and supplementing some clauses of Circular No. 19/2013/TT-NHNN.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments in securities (continued)

4.7.1 Held-to-maturity securities (continued)

(i) Special bonds issued by VAMC (continued)

According to Circular No. 14/2015/TT-NHNN and Circular No. 08/2016/TT-NHNN, each year within 5 consecutive working days prior to the date of special bonds, credit institutions which have bad debts sold to VAMC are obliged to fully make a minimum specific provision of the mentioned year for each special bond using the below formula:

$$X_{(m)} = \frac{Y}{n} \times m - (Z_m + X_{m-1})$$

In which:

- $X_{(m)}$ is minimum provision for special bonds in the m^{th} year;
- X_{m-1} is accumulated specific provision for special bonds in the $m-1^{\text{th}}$ year;
- Y is face value of special bonds;
- n is term of special bonds (years);
- m is number of years from the bond issuance date to the provision date;
- Z_m is accumulated bad debt recoveries at the provision date (m^{th} year). Credit institutions should co-operate with VAMC to determine the recovery of the bad debts.

On settlement date of special bonds, gains from the debts shall be recognized into "Other operating income".

If $(Z_m + X_{m-1}) \geq (Y/n \times m)$, the specific provision ($X_{(m)}$) will be zero (0).

Specific provision for each special bond is recognized in the consolidated income statement in "Provision expense for credit losses". General provision is not required for the special bonds.

Provision for special bonds issued by VAMC is made in compliance with the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period of the Restructuring Plan (Note 3.3).

(ii) Other held-to-maturity securities

Other held-to-maturity investments include debt securities acquired by the Bank and its subsidiaries for earning interest and which the Bank and its subsidiaries have the intention and ability to hold to maturity. Held-to-maturity investments have fixed or determinable payments and maturity date. In case these securities are sold before maturity, they will be reclassified to held-for-trading securities or available-for-sale securities.

Debt securities are initially recognized at face value at the purchase date. The accrued interest income (for debt securities with interest payment in arrears) or deferred interest income (for debt securities with interest payment in advance) is recognized in a separate account. Discount/premium which is the difference between the cost and the amount including face value plus (+) accrued interest income (if any) or minus (-) deferred interest income (if any) is also recorded in a separate account.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investments in securities* (continued)

4.7.1 *Held-to-maturity securities* (continued)

(ii) *Other held-to-maturity securities* (continued)

In subsequent periods, these securities are continuously stated at face value. The discount/premium (if any) is amortized to the consolidated income statement on a straight-line basis over the remaining term of securities. Interest received in arrears is recognized as a deduction in the value of such securities and the corresponding accrued interest receivable for the portion incurred prior to the purchase date and recognized into the income of the Bank and its subsidiaries under the cumulative method for the portion incurred after the purchase date. Interest received in advance is amortized to the interest income from investment securities on a straight-line basis over the term of investment securities.

Periodically, these securities are subject to review for impairment. For corporate bonds that have not been listed on the stock exchange or have not been registered for trading on the trading market of unlisted public companies, provision is made as described in *Note 4.4*. For other held-to-maturity securities, provision is made when there is certain evidence of impairment. In case the market value cannot be determined, no provision is calculated. Provision for impairment is recognized into the consolidated income statement in "*Net gain/(loss) from dealing of investment securities*".

4.7.2 *Available-for-sale securities*

Available-for-sale securities include debt and equity securities, which are held by the Bank and its subsidiaries for the purpose of investment and available-for-sale, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank and its subsidiaries are neither the founder shareholder nor strategic partner and does not have the ability to place certain influence in establishing and making the financial and operating policies of the investees through a written agreement on assignment of its officers to the Board of Directors/Management.

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods. Periodically, available-for-sale securities are subject to review for impairment. Provision for impairment of securities is made when carrying value is higher than market value in compliance with Circular 228 and Circular 89. In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision for impairment is recognized into the consolidated income statement in "*Net gain/(loss) from dealing of investment securities*".

Available-for-sale debt securities are recognized, measured, reviewed for impairment loss and made provision similarly to held-to-maturity securities as presented in *Note 4.7.1(ii)*.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 *Purchase with commitment to resale of securities*

Securities acquired under agreements to resell at a specific date in the future are not recognized in the consolidated financial statements. The corresponding cash paid is recognized in the consolidated balance sheet as an asset item and the difference between the buying price and sale price is accounted for as interest income and is accrued on the straight-line basis to the consolidated income statement over the term of the agreement.

Provision for securities purchased with commitment for resale in the future is made in compliance with the official approvals of the State Bank of Vietnam for of the Post-merger Restructuring Plan and the Bank's proposals in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and equity investments during the restructuring period of the Restructuring Plan (Note 3.3).

4.9 *Long-term investments*

Other long-term investments represent investments in other entities (except for investment in subsidiaries) which have maturity over 1 year. These investments are initially recorded at cost at the investment date and at cost less provision for diminution in value of investments in subsequent.

Provision for long-term investments is made when the investees incur net loss unless losses have been previously projected in the initial business plan prior to the investment is made. For an investment in a listed share or a fair value of an investment can be reliably determined, provision is made based on the market value (similar to the provision for trading securities).

For long-term investments which fair value cannot be determined at the financial year-end date, provision for impairment is calculated as total invested amount of all the parties in the entity (at face value) minus (-) owner's equity multiplied (x) with the Bank's ownership (at face value) at the investee according to Circular 228 and Circular 89.

Provision is reversed when the recoverable amount of the investment increases after the provision is made. Provision is reversed to the extent that the carrying amount of the investments does not exceed the carrying amount of the investment when no provision is recognized.

4.10 *Business combination and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10-year period on a straight-line basis.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises any directly attributable costs of bringing the fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

4.12 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of an intangible fixed asset comprises any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

4.13 *Lease*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

4.13.1 *The Bank and its subsidiaries as the lessee*

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

4.13.2 *The Bank and its subsidiaries as the lessor*

The net investment under finance lease contracts is included as a receivable in the consolidated balance sheet. All receivables therefrom are recognized as receivables for principal capital and financial revenues from the lessors' investments and services. Lease income is amortized over the lease term on the basis of the fixed interest rate over the balance of net investment in finance leases.

The Bank and its subsidiaries record operating lease assets in the consolidated financial statements. Income from operating lease is charged to the consolidated income statement on a straight-line basis over the term of the lease. Operating lease expenses, including depreciation expenses of leased assets, are recorded as expenses when incurred.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Depreciation and amortization

Depreciation and amortization of tangible and intangible fixed assets is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and structure	5 - 50 years
Machines and equipment	3 - 15 years
Transportation vehicles	9 - 10 years
Other tangible assets	4 - 25 years
Land use rights	29 - 53 years
Computer software	5 - 13 years
Other intangible assets	5 - 10 years

Infinite and use rights granted by the Government are not amortized. Definite term land use rights are amortized over the term of use.

4.15 Receivables

4.15.1 Receivables classified as credit risk bearing assets

Receivables classified as credit risk bearing assets are recognized at cost. Classification and provision for doubtful receivables are made by the Bank and its subsidiaries as presented in Note 4.4.

4.15.2 Other receivables

Receivables other than receivables classified as credit risk bearing assets are initially recognized at cost.

Provision for receivables is set up based on the aging schedule of overdue receivables or expected losses which may occur in case where the receivables has not been due for payment but an economic organization is bankrupted or liquidated; or individual debtor is missing, run away, being prosecuted, under a trial or serving sentences or dead. Provision expense occurred will be recognized into "Operating expenses" during the year.

For overdue receivables, the Bank makes provision in compliance with Circular 228 and Circular 89 as follows:

<u>Overdue</u>	<u>Provision rate</u>
From over six (6) months up to less than one (1) year	30%
From one (1) year up to less than two (2) years	50%
From two (2) years up to less than three (3) years	70%
From three (3) years and above	100%

4.16 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortized over the period for which the amount is paid or the period in which economic benefit is generated in relation to these expenses.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 *Due to other credit institutions, due to customers and value papers issued*

Due to other credit institutions, due to customers and value papers issued are disclosed at the principal amounts outstanding at the date financial year-end date.

4.18 *Payables and accruals*

Payables and accruals are recognized for amounts to be paid in the future for goods and services received, whether or not billed to the Bank and its subsidiaries.

4.19 *Science and Technology Development Funds*

According to relevant regulations and Official Letter No. 10186/NHNN-TCKKT dated 24 December 2009 of the State Bank of Vietnam, the Science and Technology Development Funds is recognized immediately in management expenses when the Fund is set up and credited to a separate account in other payables. Subsequently, the Fund will be used for fixed asset or operating expenses that this expense is allowed to use the Fund to offset.

4.20 *Equity*

Charter capital

Contributed capital from issuance of shares is recorded into to charter capital account at par value.

Share premium

The Bank records the difference between the par value and issue price of shares if the issue price is higher than par value, and the difference between the price of repurchasing of treasury stocks and the re-issue price of treasury stocks into the share premium account.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss upon purchase, sale, issue or cancellation of the Bank's own equity instruments.

4.21 *Income and expense recognition*

Interest income and expenses are recognized in the consolidated income statement on an accrual basis. The recognition of accrued interest income is suspended when a loan is classified in groups 2 to 5 according to Circular 02 and Circular 09 except for some accrued interest receivables as approved in the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period (Note 3.3). Suspended interest income is reversed and monitored off-balance-sheet and recognized in the consolidated income statement upon actual receipt.

Fee and commissions are recognized in the consolidated income statement when services are provided.

Revenue from investments in securities is determined based on the difference between the selling price and the average cost of securities sold.

Cash dividends from equity investments are recognized in the consolidated income statement when the right to receive the payment is established. For stock dividends and bonus shares, only the number of shares is updated and no dividend income is recognized in the consolidated income statement.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Foreign currency transactions

In accordance with the accounting system of the Bank, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies at year-end are translated into VND using exchange rates ruling at the consolidated balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December 2015 in Note 47). Income and expenses arising in foreign currencies during the year are converted into VND at real rates ruling at the transaction dates. Unrealized foreign exchange differences arising from the translation of monetary assets and liabilities at the balance sheet date are recognized in the consolidated income statement.

The reporting currency of foreign subsidiaries (including Sacombank Cambodia Plc and SBJ Cambodia Co., Ltd., Sacombank Lao Plc) is USD and KIP Lao. The financial statements of the foreign subsidiaries are translated for consolidating into the Bank's financial statements as follows:

- a) Assets and liabilities (both monetary items and non-monetary items) of the foreign subsidiaries are translated at the closing rate;
- b) Revenue, other income and expenses items of foreign subsidiaries are translated at the average exchange rate; and
- c) Exchange differences arising from the conversion of the subsidiaries' financial statements are recorded as foreign currency translation reserve under the Bank's equity.

4.23 Corporate income tax

4.23.1 Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are effective as at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognized directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Bank and its subsidiaries to set off current tax assets against current tax liabilities and when the Bank and its subsidiaries intend to settle its current tax assets and liabilities on a net basis.

The Bank and its subsidiaries' tax returns are subject to examination by the taxation authorities. Since the application of tax laws and regulations to many types of transactions are susceptible to varying interpretations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the taxation authorities.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Corporate income tax (continued)

4.23.2 Deferred corporate income tax

Deferred tax is provided using the liability method on temporary differences at the consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss;
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against deductible temporary differences, carried forward unused tax credit and unused tax losses can be recognized, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss;
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Previously unrecognized deferred income tax assets are re-assessed at each consolidated balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in the equity account.

The Bank and its subsidiaries are only allowed to offset deferred income tax assets and deferred income tax payable when the Bank and its subsidiaries have a legally enforceable right to offset current income tax assets with current income tax payable and deferred income tax assets and deferred income tax liabilities related to corporate income tax managed by the same tax authority for the same entity or the Bank and its subsidiaries intend to settle their current tax liabilities and assets on a net basis.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 *Fiduciary assets*

Entrusted operations that the Bank and its subsidiaries bear no risks

The Bank and its subsidiaries provide services of holding assets in trust or in a fiduciary capacity. Assets held in trust or in a fiduciary capacity are not reported in the consolidated financial statements since they are not assets of the Bank and its subsidiaries.

Entrusted operations that the Bank and its subsidiaries bear all risks

The Bank and its subsidiaries receive entrusted funds from the trustor in order to grant loans to borrowers. The Bank and its subsidiaries record loan balance granted from entrusted funds in the loans to customers account. The accounting policy for loans granted to customers is in accordance with regulations of the State Bank of Vietnam as presented in *Note 4.3* and *Note 4.4*.

4.25 *Off-balance-sheet commitments*

According to Circular 02 and Circular 09, the Bank and its subsidiaries classify guarantees, acceptances for payment and irrevocable loan commitments with specific effective date (generally called "off-balance-sheet commitments") into different groups as regulated in Article 10, Circular 02 to control and monitor credit quality. Accordingly, off-balance-sheet commitments are classified into groups such as *Current*, *Special mention*, *Sub-standard*, *Doubtful* and *Loss* based on the overdue status and other qualitative factors.

4.26 *Derivatives*

Currency forward and swap contracts

The Bank and its subsidiaries enter into foreign exchange forward and swap contracts which enable customers to transfer, modify or reduce their foreign exchange risk or other market risks and also are used for the Bank and its subsidiaries' business purpose.

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate and cash settlement. Forward contracts are recorded at nominal values at transaction dates, and are subsequently revaluated at the end of the accounting period. The difference on revaluation is recognized under "*Foreign exchange differences*" in the equity section and is recorded in the consolidated income statement at the end of the financial year.

Swap contracts are commitments to settle in cash at a future date based on differences between specified exchange rates, calculated on the notional principal amount. Swap contracts are subsequently revaluated at the end of the accounting period and the difference on revaluation is recognized under "*Foreign exchange differences*" in the equity section and is recorded in the consolidated income statement at the end of the financial year.

Currency option contracts

Contracts in foreign currency options are monitored off-balance sheet and the difference between the market price and the expected price of the contract is recognized at each revaluation as an asset item – "*Interest receivables from option transactions*" or a liability item – "*Interest payable for option transactions*".

Cross currency interest rate swap contracts

For cross currency interest rate swap contracts, the interest difference between the VND value and swap foreign currencies are recognized in the consolidated income statement.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.27 *Offsetting*

Financial assets and financial liabilities are offset and reported at the net amount in the consolidated balance sheet if, and only if, the Bank and its subsidiaries have an enforceable legal right to offset financial assets against financial liabilities and the Bank and its subsidiaries have intention to settle on a net basis, or the realization of the assets and settlement of liabilities is made simultaneously.

4.28 *Employee benefits*

4.28.1 *Post employment benefits*

Post-employment benefits are paid to retired employees of the Bank and its subsidiaries by the Social Insurance Agency, which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank and its subsidiaries are required to contribute to these post-employment benefits by paying social insurance premium at the rate of 18% of an employee's basic salary on a monthly basis. Besides, the Bank and its subsidiaries have no further obligation.

4.28.2 *Voluntary resignation benefits*

The Bank and its subsidiaries have the obligation, under Labor Code, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). The monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date.

4.28.3 *Unemployment insurance*

According to the current regulations on unemployment insurance, the Bank and its subsidiaries are obliged to pay unemployment insurance at 1% of its salary fund used to pay for unemployment insurance and deduct 1% of salary of each employee to pay simultaneously to the unemployment insurance fund.

5. THE MERGER OF SOUTHERN COMMERCIAL JOINT STOCK BANK

On 14 September 2015, the State Bank of Vietnam issued Decision No. 1844/QD-NHNN approving the merger of Southern Commercial Joint Stock Bank ("PNB") into Saigon Thuong Tin Commercial Joint Stock Bank. Accordingly, Saigon Thuong Tin Commercial Joint Stock Bank has received and inherited all assets, rights, obligations and legitimate interests of Southern Commercial Joint Stock Bank since the merger date, 1 October 2015.

The Bank issued 400,000,000 shares, equivalent to VND4,000 billion at par value to swap PNB shares (see the increase in the Bank's charter capital in *Note 22*), which were distributed to the shareholders of the parties in the merger as follows:

- ▶ 1 PNB share was swapped to 0.75 STB share (par value: VND10,000/share) at the issuance date (400,000,000 PNB shares were swapped to 300,000,000 STB shares); and
- ▶ 1 share of STB shareholders was added by 0.0875 STB share (par value: VND10,000/share) at the issuance date (100,000,000 PNB shares were distributed to the STB shareholders in the Bank's charter capital after deduction of 1,142,511,590 treasury shares).

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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6. CASH, GOLD AND PRECIOUS STONES

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Cash on hand in VND	4,099,103	2,991,753
Cash on hand in foreign currencies	2,195,020	1,395,055
Gold	251,939	396,637
Jewelry	26,194	16,650
Other precious metal and stones	14,177	15,735
Valuable papers in foreign currencies	45	112
	6,586,478	4,815,942

7. BALANCES WITH CENTRAL BANKS

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Balances with the SBV		
- In VND	5,830,836	3,146,939
- In foreign currencies	963,335	586,586
Balances with the National Bank of Cambodia	397,993	249,238
Balances with the Bank of Lao PDR	305,103	306,994
	7,497,267	4,289,757

Balances with the SBV include settlement and compulsory deposits. The average balance of settlement deposits of the Bank at the SBV is not less than the compulsory deposits in the month. The compulsory deposits are calculated by multiplying previous month average deposit balances and compulsory deposit rates.

The compulsory deposit rates are as follows:

	<i>Ending balance</i>	<i>Beginning balance</i>
Demand deposits and term deposits with maturity term less than 12 months in VND	3.00%	3.00%
Term deposits with maturity term from 12 months and above in VND	1.00%	1.00%
Demand deposits and term deposits with maturity term less than 12 months in foreign currencies	8.00%	8.00%
Term deposits with maturity term from 12 months and above in foreign currencies	6.00%	6.00%

The actual interest rates on deposits with the SBV are as follows:

	<i>Ending balance</i>	<i>Beginning balance</i>
Within the limit of compulsory deposits in VND	1.20%	1.20%
Within the limit of compulsory deposits in USD	0.00%	0.00%
Exceeding the limit of compulsory deposits in VND	0.00%	0.00%
Exceeding the limit of compulsory deposits in USD	0.05%	0.05%

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

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8. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS

8.1 Due from other credit institutions

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Demand deposits	1,663,968	1,404,168
In VND	41,740	52,385
In foreign currencies	1,622,228	1,351,783
Term deposits	543,900	1,490,551
In VND	325,000	1,430,000
In foreign currencies	218,900	60,551
	<u>2,207,868</u>	<u>2,894,719</u>

8.2 Loans to other credit institutions

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Loans to other credit institutions in VND	552	735,380
Provision for credit losses (Note 12.1)	(552)	-
	<u>-</u>	<u>735,380</u>

8.3 Term deposits with and loans to other credit institutions by quality

Term deposits with and loans to other credit institutions by quality are as below:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Current	543,900	2,225,379
Term deposits with other credit institutions	543,900	1,490,551
Loans to other credit institutions	-	734,828
Loss	552	552
Loan to other credit institution	552	552
	<u>544,452</u>	<u>2,225,931</u>

The loss loan represents a loan provided to a People's Credit Fund incurred in 2012. Currently, the fund has been liquidated and the Bank has made a full provision for this loan.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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9. HELD-FOR-TRADING SECURITIES

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Debt securities	-	7,565,975
Bills issued by the SBV with term under 3 months	-	5,426,537
Bills issued by the SBV with term over 3 months	-	388,778
Bills issued by the State Treasury with term of 1 year	-	1,750,660
Equity securities	124,841	166,453
Issued by domestic economic entities	124,841	166,453
	124,841	7,732,428
Provision for held-for-trading securities	(29,507)	(49,087)
	95,334	7,683,341

The listing status of held-for-trading securities is as follows:

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Debt securities	-	7,565,975
Listed	-	1,750,660
Unlisted	-	5,815,315
Equity securities	124,841	166,453
Listed	61,591	103,203
Unlisted	63,250	63,250
	124,841	7,732,428

Movements of provision for held-for-trading securities during the year are as follows:

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Beginning balance	49,087	225,870
Reversal during the year (Note 28)	(19,580)	(176,783)
Ending balance	29,507	49,087

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10. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	Nominal amount (using the exchange rate at the effective date) VND million	Carrying value (using the exchange rate at the balance sheet date)	
		Assets VND million	Liabilities VND million
Currency derivative financial instruments as at 31 December 2015			
Forward	830,639	15,100	-
Swap	4,535,596	-	37,953
	<u>5,366,235</u>	<u>15,100</u>	<u>37,953</u>
Net value			<u>22,853</u>
Currency derivative financial instruments as at 31 December 2014			
Forward	1,133,323	-	13,730
Swap	15,194,429	25,881	-
	<u>16,327,752</u>	<u>25,881</u>	<u>13,730</u>
Net value		<u>12,151</u>	
Options			
Buy options	1,029,032	-	15,150
Sell options	1,269,251	20,061	-
	<u>2,298,283</u>	<u>20,061</u>	<u>15,150</u>
Net value			<u>(4,911)</u>

11. LOANS AND FINANCE LEASES TO CUSTOMERS

	Ending balance VND million	Beginning balance VND million
Loans to domestic economic entities and individuals	179,032,945	122,032,496
Loans to foreign economic entities and individuals	3,910,748	3,703,539
Finance leases	1,415,189	1,205,495
Loans financed by entrusted funds	1,400,664	1,073,481
Loan from discount of commercial and valuable papers	157,267	-
	<u>185,916,813</u>	<u>128,015,011</u>

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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11. LOANS AND FINANCE LEASES TO CUSTOMERS (continued)

11.1 Analysis of loans and finance leases by quality

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Current	174,096,718	125,985,614
Special mention	1,041,682	506,888
Sub-standard	1,776,909	102,765
Doubtful	1,140,028	414,089
Loss	7,861,476	1,005,655
	185,916,813	128,015,011

Included in the current loans as at 31 December 2015 were some loans amounting to VND33,782,627 million which will be resolved in accordance with the proposals in the Restructuring Plan as approved by the SBV.

In 2016, the Bank has sold most loans under the Restructuring Plan approved by the SBV to VAMC amounting to VND22,530,230 million.

Provision for loans and finance leases to customers of the Bank and its subsidiaries is made based on their financial capacity during the restructuring period of the Restructuring Plan (Note 3.3).

11.2 Analysis of loans and finance leases by original term

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Short-term loans	68,710,450	53,769,731
Medium-term loans	85,658,574	51,985,357
Long-term loans	31,547,789	22,259,923
	185,916,813	128,015,011

11.3 Analysis of loans and finance leases by type of customer and ownership

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Corporate loans	96,236,167	51.76	71,039,066	55.49
Limited companies	50,050,445	26.92	35,833,100	27.98
Other joint-stock companies	36,825,406	19.81	27,709,316	21.64
Private companies	5,254,122	2.83	3,912,822	3.06
State-owned joint-stock companies	1,195,320	0.64	1,416,353	1.11
Foreign invested enterprises	928,223	0.50	481,254	0.38
State-owned limited companies	897,574	0.48	929,037	0.73
State-owned enterprises	314,738	0.17	319,314	0.25
Co-operatives	138,619	0.07	163,046	0.13
Others	631,720	0.34	274,824	0.21
Loans to individuals	89,680,646	48.24	56,975,945	44.51
	185,916,813	100.00	128,015,011	100.00

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11. LOANS AND FINANCE LEASES TO CUSTOMERS (continued)

11.4 Analysis of loans and finance leases by economic sectors

	Ending balance		Beginning balance	
	VND million	%	VND million	%
Real estate trading and consulting services	38,666,409	20.80	23,069,451	18.02
Trading, repair of motor vehicles, motorcycles, personal appliances and household appliances	31,178,368	16.77	16,764,693	13.10
Construction	21,391,218	11.51	15,751,138	12.30
Manufacturing and processing	19,636,867	10.56	18,618,363	14.54
International organizations or parties	15,041,583	8.09	10,178,287	7.95
Agriculture, forestry and aquaculture	14,599,686	7.85	12,096,080	9.45
Households' services and self-consuming productions	7,253,503	3.90	6,997,022	5.47
Education and training	4,884,362	2.63	4,620,480	3.61
Transportation, warehousing and communication	3,947,706	2.12	3,949,995	3.09
Hotel and accommodation services	3,135,131	1.69	1,319,853	1.03
Financial services, banking and insurance	1,846,504	0.99	8,629,137	6.74
Electricity, gas and water supply and distribution	1,673,033	0.90	1,758,287	1.37
Health care and social relief activities	1,669,731	0.90	1,667,593	1.30
Mining exploration	1,412,835	0.76	866,686	0.68
Individuals and public activities	691,239	0.37	538,219	0.42
Sport and cultural activities	123,442	0.07	49,594	0.04
Science and technology	113,889	0.06	100,205	0.08
Others	18,651,307	10.03	1,039,928	0.81
	185,916,813	100.00	128,015,011	100.00

11.5 Analysis of loans and finance leases by currency

	Ending balance		Beginning balance	
	VND million	%	VND million	%
In VND	173,953,500	93.57	116,355,131	90.89
In foreign currencies and gold	11,963,313	6.43	11,659,880	9.11
	185,916,813	100.00	128,015,011	100.00

12. PROVISION FOR CREDIT LOSSES

The Bank and its subsidiaries classify their debts in accordance with Article 10, Circular 02 and Circular 09 of SBV and their policy on debt classification. According to the Restructuring Plan approved by the SBV (Note 3.3), the Bank and its subsidiaries are allowed to make provision for credit losses based on their financial capacity during the restructuring period of the Restructuring Plan.

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12. PROVISION FOR CREDIT LOSSES (continued)

Provision for credit losses at the year-end comprised of:

	Notes	Ending balance VND million	Beginning balance VND million
Provision for credit losses of due from and loans to other credit institutions	12.1	552	-
Provision for credit losses of loans and finance leases to customers	12.2	2,256,792	1,368,918
Provision for credit losses of special bonds issued by VAMC	12.3	1,378,545	232,346
Provision for credit losses of credit risk bearing assets		143,007	-
Provision for credit losses of held-to-maturity securities	13.4	7,500	7,500
Provision for credit losses of purchased debts		300	-
		3,786,696	1,608,764

Provision expenses for the year comprised of:

	Notes	Current year VND million	Previous year VND million
Provision for due from and loans to other credit institutions	12.1	552	(14,311)
Provision for loans and finance leases to customers	12.2	942,342	688,479
Provision for special bonds issued by VAMC	12.3	1,170,113	232,346
Provision for on-balance sheet credit risk bearing assets		143,007	128,178
Provision reversal for off-balance sheet commitments		-	(72,104)
		2,256,014	962,588

12.1 Provision for credit losses of due from and loans to other credit institutions

Results of the loan classification as at 30 November 2015 and the corresponding provision for credit losses of due from and loans to other credit institutions made by the Bank and its subsidiaries are as follows:

Classification	Balance VND million	Specific provision VND million	General provision VND million	Total provision VND million
Current	5,100,700	-	-	-
Loss	552	552	-	552
	5,101,252	552	-	552

Movements in the provision for credit losses of deposits at and loans to other credit institutions are as follows:

	Current year VND million	Previous year VND million
Beginning balance	-	14,311
Provision expense/(reversal) for the year	552	(14,311)
Ending balance	552	-

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12. PROVISION FOR CREDIT LOSSES (continued)

12.2 Provision for credit losses of loans and finance leases to customers

Results of the loan classification as at 30 November 2015 and the corresponding provision for credit losses of loans and finance leases to customers made by the Bank and its subsidiaries are as follows:

<i>Classification</i>	<i>Outstanding balance VND million</i>	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total provision VND million</i>
Current	182,161,670	-	1,368,262	1,368,262
Special mention	3,267,593	58,527	24,065	82,592
Sub-standard	345,100	32,610	2,572	35,182
Doubtful	268,165	81,832	1,840	83,672
Loss	3,866,382	1,317,376	-	1,317,376
	189,908,910	1,490,345	1,396,739	2,887,084

Changes in provision for credit losses of loans and finance leases to customers during the current year are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Beginning balance	422,324	946,594	1,368,918
Increase from the merger of Southern Commercial Joint Stock Bank	486,473	318,442	804,915
Provision charged for the period	839,267	130,666	969,933
Adjustment for provisions of subsidiaries	1,782	(11)	1,771
Provision used to resolve debts from January to November	(10,424)	-	(10,424)
Provision used to resolve debts sold to VAMC from January to November	(250,013)	-	(250,013)
Foreign exchange differences	936	1,048	1,984
Balance as at 30 November 2015	1,490,345	1,396,739	2,887,084
Provision reversed in December	(3,814)	(23,777)	(27,591)
Provision used to resolve debts in December	(9,548)	-	(9,548)
Provision used to resolve debts sold to VAMC in December	(593,125)	-	(593,125)
Foreign exchange differences	(25)	(3)	(28)
Ending balance	883,833	1,372,959	2,256,792

Saigon Thuong Tin Commercial Joint Stock Bank

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12. PROVISION FOR CREDIT LOSSES (continued)

12.2 *Provision for credit losses of loans and finance leases to customers* (continued)

Changes in provision for credit losses of loans and finance leases to customers during the previous year are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Beginning balance	546,821	804,749	1,351,570
Provision charged in the period	548,339	140,909	689,248
Provision used to resolve debts from January to November	(43,467)	-	(43,467)
Provision used to resolve debts sold to VAMC from January to November	(514,760)	-	(514,760)
Adjustment for provisions of subsidiaries	15,015	(332)	14,683
Foreign exchange differences	(46)	143	97
Balance as at 30 November 2014	551,902	945,469	1,497,371
Provision (reversed)/charged in December	(1,824)	1,055	(769)
Provision used to resolve debts in December	(7,369)	-	(7,369)
Provision used to resolve debts sold to VAMC in December	(120,410)	-	(120,410)
Foreign exchange differences	25	70	95
Ending balance	422,324	946,594	1,368,918

12.3 *Provision for credit losses of special bonds issued by VAMC*

Movements of provision for credit losses of special bonds issued by VAMC during the year following to the Restructuring Plan approved by the SBV (*Note 3.3*) are as follows:

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Beginning balance	232,346	-
Provision charged for the year (<i>Note 13.4</i>)	1,170,113	232,346
Provision used to resolve debts during the year (<i>Note 13.4</i>)	(23,914)	-
Ending balance	1,378,545	232,346

Saigon Thuong Tin Commercial Joint Stock Bank

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13. INVESTMENT SECURITIES

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Available-for-sale securities		
Debt securities		
- Issued by the Government (i)	24,520,195	19,721,794
- Issued by other local credit institutions (ii)	176,177	427,100
Equity securities		
- Issued by domestic credit institutions (iii)	264,832	-
- Issued by domestic economic entities	147,452	101,380
- Issued by foreign economic entities	547	531
	<u>25,109,203</u>	<u>20,250,805</u>
Held-to-maturity securities		
Bonds issued by a domestic economic entity (iv)	1,000,000	1,000,000
Special bonds issued by VAMC (v)	14,142,479	4,935,128
Government bonds (vi)	1,005,774	-
	<u>16,148,253</u>	<u>5,935,128</u>
Provision for investment securities		
Available-for-sale securities	(193,355)	(20,647)
Special bonds issued by VAMC	(1,378,545)	(232,346)
Held-to-maturity securities	(7,500)	(7,500)
	<u>(1,579,400)</u>	<u>(260,493)</u>
	<u>39,678,056</u>	<u>25,925,440</u>

- (i) Government bonds have terms from 2 to 5 years and bear interest at rates from 5.20% to 13.20% p.a, interest is paid annually. Some bonds amounting to VND1,094,557 million have been pledged for security of borrowings obtained from other credit institutions and for the limits granted on transactions with the SBV (Note 35.2). As at 31 December 2015, total borrowings from other credit institutions which have been pledged by government bonds amounted to VND300,000 million (Note 17.2).
- (ii) Bonds issued by Vietnam Development Bank have terms from 10 to 15 years and bear interest rates from 8.50% to 9.00% p.a. Interest is paid annually. Some bonds amounting to VND161,145 million have been pledged for the limit granted on transactions with the SBV (Note 35.2).
- (iii) These represent the shares of four (4) domestic credit institutions transferred from Southern Commercial Joint Stock Bank after the merger and the Bank is currently making solution of these investments according to the Restructuring Plan as approved by the SBV (Note 3.3).
- (iv) This represent a 5-year corporate bonds which bears interest rate of 9.28% per annum, maturing on 30 December 2018.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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13. INVESTMENT SECURITIES (continued)

- (v) These are special bonds issued by VAMC to buy bad debts of the Bank which have term of five (05) years and bear interest at rate of 0%. Changes in special bonds issued by VAMC in the current year are as follows:

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Beginning balance	4,935,128	628,689
Increase from the merger of Southern Commercial Joint Stock Bank	1,914,451	-
Increase from selling debts to VAMC during the year	7,619,029	4,349,032
Decrease during the year	(326,129)	(42,593)
Ending balance	14,142,479	4,935,128

During the year, the Bank has sold some debts to VAMC amounting to VND8,462,167 million and used a corresponding provision for credit losses of VND843,138 million (Note 12.2) in exchange for special bonds issued by VAMC amounting to VND7,619,029 million.

- (vi) Government bonds have terms from 2 to 5 years and bear interest at rates from 5.40% to 9.40% p.a. Interest is paid annually.

13.1 Listing status of available-for-sale securities

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Debt securities	24,696,372	20,148,894
Listed	24,696,372	20,148,894
Equity securities	412,831	101,911
Listed	75,623	25,713
Unlisted	337,208	76,198
	25,109,203	20,250,805

Included in unlisted equity securities was an investment in Saigon Aquatic Products Trading Joint Stock Company amounting to VND32,397 million which was made by Southern Commercial Joint Stock Bank prior to the merger and was authorized to an individual to own the shares. The Bank has made a full provision for this investment and is pending resolution of the investment following the Restructuring Plan as approved by the SBV (Note 3.3).

13.2 Listing status of held-to-maturity securities

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Debt securities		
Listed	1,005,774	-
Unlisted	15,142,479	5,935,128
	16,148,253	5,935,128

13.3 Analysis of securities classified as credit risk bearing assets by quality

<i>Classification</i>	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Bonds issued by domestic economic entities		
- Current	1,000,000	1,000,000

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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13. INVESTMENT SECURITIES (continued)

13.4 Provision for investment securities

Changes in provision for investment securities in the year are as follows:

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Beginning balance		
Available-for-sale securities	20,647	169,286
Special bonds issued by VAMC (Note 12.3)	232,346	-
Other held-to-maturity securities (excluded special bonds issued by VAMC)	7,500	-
	<u>260,493</u>	<u>169,286</u>
Increase from the merger of Southern Commercial Joint Stock Bank Available-for-sale securities	71,738	-
Charge/(reversal) in the year		
Available-for-sale securities (Note 29)	100,970	(148,639)
Special bonds issued by VAMC (Note 12.3)	1,170,113	232,346
Other held-to-maturity securities (excluded special bonds issued by VAMC)	-	7,500
Use in the year		
Special bonds issued by VAMC (Note 12.3)	(23,914)	-
	<u>1,318,907</u>	<u>91,207</u>
Ending balance		
Available for sale securities	193,355	20,647
Special bonds issued by VAMC (Note 12.3)	1,378,545	232,346
Other held to maturity securities (excluded special bonds issued by VAMC)	7,500	7,500
	<u>1,579,400</u>	<u>260,493</u>

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14. LONG-TERM INVESTMENTS

14.1 Other long-term investments

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Investments in other credit institutions	1,634	1,634
Unlisted	1,634	1,634
Investments in economic entities	896,209	399,115
Listed (i)	455,762	-
Unlisted (ii)	440,447	399,115
Total	897,843	400,749
Provision for other long-term investments	(303,301)	(136,236)
	594,542	264,513

(i) Included in investments in listed economic entities was an investment in Binh Chanh Construction & Investment Joint Stock Company amounting to VND438,653 million transferred from Southern Commercial Joint Stock Bank upon merger and the ownership is 13%. The Bank has made a full provision for this investment and is under pending resolution to reduce the ownership rate to under 11% in accordance with the regulations of the SBV.

(ii) Included in the investment in unlisted economic entities is the investment in Phuong Nam Jewelry Joint Stock Company transferred from Southern Commercial Joint Stock Bank with the ownership ratio of 9.38%. Additionally, as at 31 December 2015, the Bank has made an advance to an individual to invest in this company with the ownership ratio of 8.31%. The Bank has made full provision and has been in process of reducing the ownership rate to under 11% in accordance with the regulations of the SBV (Note 16.1).

14.2 Provision for long-term investments

Movements in provision for long-term investment in the year is as follows:

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Beginning balance	136,236	144,069
Increase from the merge with Southern Commercial Joint Stock Bank	10,638	-
Provision charged/(reversed) in the year (Note 31 and 32)	156,427	(7,833)
Ending balance	303,301	136,236

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15. FIXED ASSETS

15.1 Tangible fixed assets

	<i>Buildings and structure VND million</i>	<i>Machines and equipment VND million</i>	<i>Transportation vehicles VND million</i>	<i>Other tangible assets VND million</i>	<i>Total VND million</i>
Cost					
Beginning balance	2,158,351	1,434,152	400,311	112,751	4,105,565
Newly purchase	2,641	105,008	40,519	24,853	173,021
Transfer from purchases of fixed assets, work in progress (Note 16.1)	295,978	136,089	27,506	8,586	468,159
Upgrade	-	4,721	-	23	4,744
Transfer from foreclosed assets	46,399	-	-	-	46,399
Increase from the merger of Southern Commercial Joint Stock Bank	1,558,293	86,548	93,218	13,062	1,751,121
Disposals	(5,682)	(3,360)	(12,825)	(995)	(22,862)
Transfer to tools and equipment	-	(118)	-	(127)	(245)
Foreign exchange differences	22,156	679	1,132	3,802	27,769
Ending balance	4,078,136	1,763,719	549,861	161,955	6,553,671
Accumulated depreciation					
Beginning balance	223,100	849,621	151,159	50,178	1,274,058
Charge for the year	86,077	164,531	38,372	11,904	300,884
Charge from Science and Technology Development Funds	-	3,892	-	-	3,892
Increase from the merger of Southern Commercial Joint Stock Bank	288,627	76,579	68,305	10,783	444,294
Disposals	(2,178)	(2,260)	(4,140)	(630)	(9,208)
Transfer to tools and equipment	-	(119)	-	(31)	(150)
Foreign exchange differences	4,415	545	821	3,684	9,465
Ending balance	600,041	1,092,789	254,517	75,888	2,023,235
Net book value					
Beginning balance	1,935,251	584,531	249,152	62,573	2,831,507
Ending balance	3,478,095	670,930	295,344	86,067	4,530,436

Saigon Thuong Tin Commercial Joint Stock Bank

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15. FIXED ASSETS (continued)

15.1 *Tangible fixed assets* (continued)

Included in machines and equipment balance are the assets financed by Science and Technology Development Funds with historical cost of VND53,012 million. The accounting policy applied for these assets differs from other similar assets not financed by Science and Technology Development Funds. Accordingly, the depreciation of these assets is funded by the Science and Technology Development Funds.

Other information on tangible fixed assets:

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Net carrying value of tangible fixed assets that are temporarily not in use	12,715	12,844
Fully depreciated tangible fixed assets that are still in use	442,503	179,198

15.2 *Finance lease*

	<i>Vehicles</i> <i>VND million</i>
Cost	
Beginning balance and ending balance	<u>596</u>
Accumulated depreciation	
Beginning balance	408
Depreciation charges	<u>118</u>
Ending balance	<u>526</u>
Net book value	
Beginning balance	<u>188</u>
Ending balance	<u>70</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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15. FIXED ASSETS (continued)

15.3 Intangible fixed assets

	<i>Land use rights VND million</i>	<i>Computer software VND million</i>	<i>Other intangible fixed assets VND million</i>	<i>Total VND million</i>
Cost				
Beginning balance	2,313,538	554,416	484	2,868,438
Newly purchases	-	7,265	-	7,265
Transfer from purchases of fixed assets, work in progress (<i>Note 16.1</i>)	167,916	121,179	-	289,095
Upgrade	-	115	-	115
Increase from the merger of Southern Commercial Joint Stock Bank	319,986	53,409	-	373,395
Transfer from foreclosed assets	538,401	-	-	538,401
Disposal	(577)	(33)	-	(610)
Transfer to tools and equipment	(18)	-	-	(18)
Foreign exchange differences	11,160	1,998	-	13,158
Ending balance	3,350,406	738,349	484	4,089,239
Accumulated amortization				
Beginning balance	93,923	406,962	273	501,158
Charge for the year	23,711	73,731	67	97,509
Increase from the merger of Southern Commercial Joint Stock Bank	-	51,500	-	51,500
Disposals	(93)	(27)	-	(120)
Foreign exchange differences	-	1,979	-	1,979
Ending balance	117,541	534,145	340	652,026
Net book value				
Beginning balance	2,219,615	147,454	211	2,367,280
Ending balance	3,232,865	204,204	144	3,437,213

Other information on intangible fixed assets:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Net carrying value of intangible fixed assets that are temporarily not in use	21,157	21,613
Fully amortized intangible fixed assets that are still in use	353,986	176,538

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16. OTHER ASSETS

16.1 Receivables

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Expenses from purchases of fixed assets, work in progress (a)	426,051	660,435
Other receivables (b)	16,749,840	4,204,283
	17,175,891	4,864,718

(a) This account presents constructions in progress and advances for purchase of fixed assets of branches and transaction offices. Movements of this account in the year are as follows:

	<i>Current year</i> VND million	<i>Previous year</i> VND million
Beginning balance	660,435	443,856
Increase in the year	377,954	449,008
Increase from the merger of Southern Commercial Joint Stock Bank	152,981	-
Transfer to tangible fixed assets (Note 15.1)	(468,159)	(139,228)
Transfer to intangible fixed assets (Note 15.3)	(289,095)	(80,309)
Transfer to allocation and operation expense	(2,432)	(3,289)
Other decreases	(5,633)	(9,603)
Ending balance	426,051	660,435

Construction in progress and advances for purchases of fixed assets comprised of:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Property in 306 - 308 Vuon Lai	87,029	-
Office in Tay Ninh town	71,062	67,860
House in 47 Hoa Binh, Tan Thoi Hoa Ward, Tan Phu District, HCMC	37,418	37,418
Tan Kim Warehouse	-	265,963
Land use right in Quyet Thang Ward, Bien Hoa, Dong Nai	-	135,099
Ebanking solution	-	65,796
Other construction in progress	230,542	88,299
	426,051	660,435

The Bank and its subsidiaries have entered into agreements to purchase assets and made partial or full payments. As at 31 December 2015, the Bank and its subsidiaries are still pending implementation of necessary procedures to complete the transfer of ownership in accordance with the current regulations.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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16. OTHER ASSETS (continued)

16.1 Receivables (continued)

(b) Other receivables included:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Internal receivables	1,274,932	846,580
Advances for operations (i)	1,032,478	823,423
Advance for construction of FICO building (ii)	216,693	-
Others	25,761	23,157
External receivables	15,474,908	3,357,703
Foreclosed assets (iii)	8,603,356	1,266,190
Receivables from purchase and sale of securities (iv)	4,524,532	-
Receivables from disposal of trading securities (vi)	771,872	886,468
Receivables from Southern Jewelry Joint Stock Company (v)	503,639	-
Tax advance (Note 21)	246,923	10,580
Receivables from sale of partial FICO building (vii)	158,204	-
Receivables from card organizations	119,457	78,751
Receivables from deposits for office rent	101,381	118,443
Receivables from foreign exchange settlements	88,081	127,393
Receivables from investment in Southern Jewelry Joint Stock Company (viii)	64,800	-
Receivables from disposal of convertible bonds of Sacombank Securities Company	41,000	61,000
Margin deposits for commodity future contracts	36,301	76,287
Receivables from the State Budget relating to interest subsidy program	27,535	29,077
Receivables from disposal of foreclosed securities	-	306,115
Receivables from land lease	-	202,645
Others	187,827	194,754
	16,749,840	4,204,283

Internal receivables:

- (i) Included in advances for operation are advances for cash supply in ATMs for the New Year amounting to VND824,625 million. These advances have been cleared by branches in early 2016.
- (ii) These operational advances were used to purchase a partial FICO building at 927 Tran Hung Dao, District 5, Ho Chi Minh City. Currently, the Bank is implementing necessary procedures to receive the building ownership.

External receivables:

Receivables which are resolved according to the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan (Note 3.3) include the following items:

- (iii) These represent assets that the Bank is in the process of transferring the ownership or recovering debts, which includes some foreclosed assets amounting to VND6,991,575 million transferred from Southern Commercial Joint Stock Bank as at 31 December 2015.
- (iv) These represent receivables relating to purchases and sale of securities which were received from Southern Commercial Joint Stock Bank upon merger. These receivables are secured by shares and real estates. Some receivables amounting to VND3,590,842 million have been made provision based on the Bank's financial capability during the restructuring period of the Restructuring Plan.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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16. OTHER ASSETS (continued)

16.1 Receivables (continued)

- (v) These represent receivables relating to the gold trading between Southern Jewelry Joint Stock Company and Southern Commercial Joint Stock Bank before the merger. These receivables are secured by shares amounting to VND681,145 million. The Bank has made provision for these receivables based on its financial capability during the restructuring period of the Restructuring Plan.

Other external receivables include the following items:

- (vi) These represent the remaining receivables from selling securities on credit to customers which were deposited and made partial payment.
- (vii) This represents a receivable incurred in connection with a sale of a partial FICO building at 927 Tran Hung Dao, District 5, Ho Chi Minh City by Southern Commercial Joint Stock Bank to a partner for using as head office. Currently, the Bank is completing procedures for transferring the ownership to such a partner in accordance with the current regulations.
- (viii) This represents an advance to invest in Southern Jewelry Joint Stock Company by Southern Commercial Joint Stock Company before the merger and was authorized to an individual to own the shares. The Bank has made a full provision for this advance and is in process of resolving in accordance with the regulations of the SBV (Note 14.1).

16.2 Interest and fees receivable

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Interest receivables from loans to customers (i)	22,732,268	3,932,048
Interest receivables from investments (ii)	2,385,564	1,157,602
Interest receivables from trust investment (iii)	51,612	-
Receivables from swap contracts	19,118	27,400
Interest receivables from due from at and loans to other credit institutions	8,857	6,884
Receivables from forward contracts	717	6,210
Interest receivables from financial leases	9,213	6,015
Receivables from option contracts	-	13,029
	25,207,349	5,149,188

- (i) Included in interest receivables from loans to customers as at 31 December 2015 are some interest amounting to VND20,387,051 million. The Bank is allowed to block of this interest and make an annual amortization of such blocked interest into the profit and loss based on its financial capacity within a maximum period of 10 years according to the Restructuring Plan (Note 3.3).
- (ii) Included in interest receivables from investments as at 31 December 2015 are some interest on agreements of purchase and sale of securities (Note 16.1) and on some bonds amounting to VND912,556 million and VND224,537 million, respectively, which were received from Southern Commercial Joint Stock Bank upon merger. The Bank is allowed to block these interest at 31 December 2015 and make an annual amortization of such blocked interest into the profit and loss based on its financial capacity within a maximum period of 10 years according to the Restructuring Plan (Note 3.3).
- (iii) This represents an interest receivable related to an entrustment in a company (Note 16.3) received from Southern Commercial Joint Stock Bank upon merger. The Bank is allowed to block this interest and make an annual amortization of such blocked interest into the profit and loss based on its financial capacity within a maximum period of 10 years according to the Restructuring Plan (Note 3.3).

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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16. OTHER ASSETS (continued)

16.3 Other assets

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Foreclosed assets (i)	1,134,718	1,024,032
<i>In which:</i>		
- <i>Real estates</i>	917,284	804,226
- <i>Securities</i>	200,525	202,897
- <i>Fund certificates</i>	6,000	6,000
- <i>Others</i>	10,909	10,909
Prepaid expenses (ii)	593,508	604,831
Receivables from an entrustment (iii)	90,000	-
Investments in financial lease assets	11,140	30,370
Goodwill (iv)	-	15,120
Other assets	24,061	21,032
	1,853,427	1,695,385

- (i) These represent collaterals of loans to customers which were foreclosed to the Bank upon writing-off of bad debts including loans and other receivables. The Bank has completed procedures to receive the ownership of these assets to the Bank and is in progress to resolve these foreclosed assets in accordance with regulations stipulated by the SBV.
- (ii) Prepaid expenses comprise of asset rental, asset maintenance and repairing expenses, option premium fee and interest paid in advance which are being amortized for a period from 1 to 50 years.
- (iii) This represents an entrustment of Southern Commercial Joint Stock Bank to a company before the merger. This entrustment is pending resolution according to the Restructuring Plan as approved by the SBV (Note 3.3).
- (iv) Movements of goodwill during the year are as below:

	<i>Current year</i> VND million	<i>Previous year</i> VND million
Total goodwill	20,387	20,387
Amortization period	10 years	10 years
Accumulated amortization of goodwill at the beginning of the year	5,267	3,229
Remaining balance of goodwill at the beginning of the year	15,120	17,159
Amortization of goodwill for the year	(15,120)	(2,039)
Remaining balance of goodwill at end of year	-	15,120

During the year, the Bank made a distribution of all goodwill arising from the acquisition of SBJ Cambodia Co., Ltd., - a subsidiary as the completion of its liquidation procedures. On 27 November 2015, the Ministry of Planning and Development issued Official Letter No. 10578/BKHDT-DTNN to invalidate from 15 November 2015 the Certificate of Foreign Investment No. 353/BKHDT-DTNN dated 1 June 2010.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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16. OTHER ASSETS (continued)

16.4 Provision for other assets

Results of the receivables classified as credit risk bearing assets are as follows:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Loss		
Receivables from term purchase and sale of securities	4,524,532	-
Receivables from trust investments	90,000	-
	4,614,532	-

Included in loss debts are some receivables amounting to VND3,680,842 million million from agreements of purchase and sale of securities and an entrustment which have been provided for allowance by the Bank based on its financial capability and are under pending resolution according to the Restructuring Plan as approved by the SBV (Note 3.3).

Provision for other assets comprises of:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Provision for credit risk bearing assets	143,007	-
- <i>Specific provision</i>	143,007	-
Provision for other assets	442,797	433,582
- <i>Provision for foreclosed assets</i>	235,166	213,939
- <i>Provision for receivable from securities trading</i>	57,850	-
- <i>Provision for other assets</i>	149,781	219,643
	585,804	433,582

Changes in provision for other assets in the year are as follows:

	<i>Current year</i> VND million	<i>Previous year</i> VND million
Beginning balance	433,582	305,404
Provision charged during the year	152,222	128,178
Ending balance	585,804	433,582

17. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

17.1 Due to other credit institutions

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Demand deposits	125,374	169,095
In VND	89,996	119,349
In foreign currencies	35,378	49,746
Term deposits	531,753	1,690,667
In VND	-	3,000
In foreign currencies	531,753	1,687,667
	657,127	1,859,762

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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17. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS (continued)

17.2 Borrowings from other credit institutions

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Borrowings from other domestic credit institutions in VND	1,437,993	962,880
Borrowings from other foreign and domestic credit institutions in foreign currencies	858,953	1,587,964
<i>In which: Pledged loans (Note 13)</i>	<i>300,000</i>	<i>-</i>
	2,296,946	2,550,844

18. DUE TO CUSTOMERS

18.1 Breakdown by type of deposits

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Demand deposits	33,215,714	24,333,311
Demand deposits in VND	29,523,290	21,941,355
Demand deposits in foreign currencies	3,069,657	2,019,385
Demand savings in VND	160,592	134,574
Demand savings in foreign currencies	462,175	237,997
Term deposits	227,023,511	137,900,625
Term deposits in VND	14,349,738	12,453,018
Term deposits in foreign currencies	2,133,188	1,793,155
Term savings in VND	201,704,040	118,182,084
Term savings in foreign currencies	8,836,545	5,472,368
Margin deposits	477,686	645,292
In VND	349,545	160,541
In foreign currencies	128,141	484,751
Deposits for specific purposes	86,182	18,640
In VND	27,049	5,216
In foreign currencies	59,133	13,424
Margin deposits for other settlement services	191,652	159,588
In VND	186,689	151,108
In foreign currencies	4,963	8,480
	260,994,745	163,057,456

18.2 Breakdown by customer and type of business

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Deposits from economic entities	30,568,941	24,718,278
Private enterprises and others	21,573,191	16,027,988
State-owned enterprises	7,029,644	6,721,007
Foreign-invested enterprises	1,966,106	1,969,283
Deposits from individuals	228,856,259	137,279,537
Deposits from other entities	1,569,545	1,059,641
	260,994,745	163,057,456

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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19. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Cathay United Bank (i)	1,094,500	-
PROPARCO (ii)	222,268	366,085
SMEFP (iii)	185,195	131,805
ADB (iv)	147,568	192,287
FMO (v)	118,983	205,648
NORFUND	21,890	63,738
Rabobank Foundation	2,830	-
IFC (vi)	-	156,250
	1,793,234	1,115,813

- (i) This borrowing was obtained from Cathay United Bank which aims to provide supplement capital for the Bank's businesses with interest rate of six-month LIBOR plus 3.79% p.a and a five-year term.
- (ii) This borrowings were grants, entrusted funds and loans from Societe De Promotion Et De Participation Pour La Cooperation Economique S.A ("PROPARCO") for medium - long term financing in USD for parties operating in Vietnam at interest rate from 3.04% to 3.39% p.a.
- (iii) This borrowing was sponsored by Japanese Government through the Japan International Cooperation Agency (JICA) to enhance the competitiveness of small and medium enterprises. The balance consists of two (2) loans from SMEFP II and SMEFP III with the same interest rate of 4.68% p.a.
- (iv) This borrowings were grants, entrusted funds and loans from the Asian Development Bank ("ADB") for short, medium and long term financing in VND for low-income individuals to purchase and repair houses at an interest rate of 5.28% p.a.
- (v) This borrowings were grants, entrusted funds and loans from Financierings - Maatschappij Voor Ontwikkingslarden ("FMO"), a bank in Netherland, include:
- Loans in VND to finance the purchase of houses from non-business customers who meet requirements of FMO. The loans bear interest at rate of 6.02% p.a. As at 31 December 2015, outstanding loan balances amounted to VND19,065 million and will mature in the year 2016. The principal and interests are paid every 6 months; and
 - Loans for domestic credit with the limit of USD10 million. The loans have term of 5 years and bear floating interest at rate of Libor 6 months plus (+) 3.2% p.a. As at 31 December 2015, the outstanding loan balances were USD4,999,999 and bear interest at rate of 3.7% p.a.
- (vi) This borrowings were grants, entrusted funds and loans from International Finance Corporation ("IFC") to finance low-income individuals to purchase and repair houses with the tenor within 10 years. The loans are in VND and bear interest at rate of 10.22% p.a.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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20. OTHER LIABILITIES

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Payables for internal activities	90,471	370,287
Bonus and welfare funds	77,637	62,166
Payables to employees	700	289,541
Termination allowance	-	4,911
Other payables	12,134	13,669
Payables for external activities	1,009,736	859,704
Payables for card operations	230,503	136,825
Deposit for purchase of foreclosed assets	105,695	50,000
Payables to foreign remittance companies	104,298	94,044
Tax payables to the State Budget (Note 21)	88,937	104,560
Payables to customers	78,183	79,280
Unearned income	39,900	87,766
Payables pending for payment	23,383	13,017
Science and Technology Development Funds	19,625	23,517
Dividend payables (Note 22.4)	10,774	7,088
Others	308,438	263,607
	1,100,207	1,229,991

Movements of the bonus and welfare funds during the year are as follows:

	<i>Current year</i> VND million	<i>Previous year</i> VND million
Beginning balance	62,166	-
Reclassify in the year	-	75,330
Increase from the merger of Southern Commercial Joint Stock Bank	525	-
Profit appropriation to the fund during the year (Note 22.1)	288,043	-
Others	73	-
Utilization	(273,170)	(13,164)
Ending balance	77,637	62,166

21. STATUTORY OBLIGATIONS

	<i>Movements during the year</i>				<i>Ending balance</i> VND million
	<i>Beginning balance</i> VND million	<i>Payables</i> VND million	<i>Paid</i> VND million	<i>Other adjustments</i> VND million	
Value added tax	15,033	188,124	(202,275)	18,804	19,686
Corporate income tax	38,582	242,858	(514,536)	2,794	(230,302)
Other tax	40,365	264,506	(252,277)	36	52,630
	93,980	695,488	(969,088)	21,634	(157,986)
<i>In which:</i>					
Tax payables to the State Budget (Note 20)	104,560				88,937
Tax advance (Note 16.1)	(10,580)				(246,923)

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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21. STATUTORY OBLIGATIONS (continued)

Corporate income tax ("CIT")

The Bank and its subsidiaries in Vietnam have the obligation to pay CIT at the rate of 22% of taxable profits for the current year (2014: 22%), Sacombank Cambodia Plc. has the obligation to pay CIT at the rate of 20% of taxable profit in Cambodia (2014: 20%), Sacombank Lao Plc. has the obligation to pay CIT at the rate of 24% of taxable profit in Laos.

The Bank and its subsidiaries' tax returns are subject to examination by the taxation authorities. Since the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the taxation authorities.

CIT expense in the year comprised of:

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Current tax expense	235,928	576,216
Adjustment for under accrual of tax from prior years	6,930	-
Deferred tax (income)/expense	<u>(12,622)</u>	<u>43,639</u>
	<u>230,236</u>	<u>619,855</u>

Current corporate income tax

The current tax payable is based on taxable profit for the year. Taxable income differs from profit as reported in the consolidated income statement since it excludes taxable income or deductible expenses in prior years due to the differences between the Bank and its subsidiaries' accounting policies and the current income tax policies, and also excludes non-taxable income or non-deductible expenses. The current CIT payables are calculated based on the statutory tax rates applicable at the separate balance sheet date.

Saigon Thuong Tin Commercial Joint Stock Bank

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21. STATUTORY OBLIGATIONS (continued)

Corporate income tax ("CIT") (continued)

Current corporate income tax (continued)

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Accounting profit before tax	878,155	2,826,287
Adjustments for consolidation of financial statements	55,553	197,948
Accounting profit before tax after adjustments for consolidation of financial statements	933,708	3,024,235
<i>In which:</i>		
Parent bank	698,113	2,850,553
Subsidiaries	235,595	173,682
At applied CIT rate	207,672	673,012
<i>In which:</i>		
Parent bank (22%)	153,585	627,122
Subsidiaries	54,087	45,890
<i>Adjustments to increase:</i>		
Provision expenses for other assets	56,980	-
Unrealized foreign exchange loss for the current year	17,645	6,425
Other non-deductible expenses	6,535	2,358
Difference of tax rates between Vietnam and Laos	-	861
Difference of tax rates between Vietnam and Cambodia	-	5,691
<i>Adjustment to decrease:</i>		
Tax exempted income	(37,393)	(61,975)
Loss transfer from a subsidiary	(9,920)	-
Realized foreign exchange loss of the previous year	(5,740)	-
Provision reversal for credit losses	-	(7,945)
Provision reversal for investments and other assets	-	(43,042)
Estimate CIT expense in the year	235,779	575,385
Tax expense for land use rights transfer	149	695
	235,928	576,080
Additional tax paid from 2013 and 2014	6,930	-
Adjustments of a subsidiary	-	136
Current CIT expense for the year	242,858	576,216

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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21. STATUTORY OBLIGATIONS (continued)

Corporate income tax ("CIT") (continued)

Deferred corporate income tax

Changes in deferred CIT and its effect on the consolidated income statement of the Bank and its subsidiaries are presented as follows:

	<u>Consolidated balance sheet</u>		<u>Consolidated income statement</u>	
	<u>Ending balance</u> <u>VND million</u>	<u>Beginning balance</u> <u>VND million</u>	<u>Current year</u> <u>VND million</u>	<u>Previous year</u> <u>VND million</u>
Deferred tax assets				
Provision for investments and other assets	94,588	59,576	35,012	(33,345)
Provision for credit losses	-	-	-	(9,028)
Provision for severance allowance	-	1,031	(1,031)	(1,266)
	94,588	60,607		
Deferred tax liabilities				
Accumulated loss from subsidiaries and other assets	(21,359)	(868)	(21,359)	-
Net deferred corporate income tax income/(expense) credit/(charged) to consolidated income statement			12,622	(43,639)

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22. OWNERS' EQUITY

22.1 Statement of changes in owners' equity

	Charter capital VND million	Fund for capital expenditure VND million	Share premium VND million	Treasury shares VND million	Other capital VND million	Development and investment reserve VND million	Financial reserve VND million	Capital supplement ary reserve VND million	Foreign currency translation reserve VND million	Retained earnings VND million	Non- controlling interest VND million	Total VND million
Beginning balance	12,425,116	795	1,671,693	(1,506,878)	153	96,393	1,108,552	734,017	104,270	3,429,086	4	18,063,201
Net profit for the year	-	-	-	-	-	-	-	-	-	647,919	-	647,919
Increase from the merger of Southern Commercial Joint Stock Bank	4,000,000	326	41,309	(750,911)	500	243	127,707	7,779	-	105,795	-	3,532,748
Increase capital from issuing bonus shares	142,249	-	(1,649,127)	1,506,878	-	-	-	-	-	-	-	-
Increase capital from shares dividend	2,284,792	-	-	-	-	-	-	-	-	(2,284,792)	-	-
Odd stock settlement	-	-	(263)	-	-	-	-	-	-	(231)	-	(494)
Additional reserves for prior year	-	-	-	-	-	1,625	226,624	116,956	-	(345,205)	-	-
Utilization of reserves	-	-	-	-	-	-	(63)	-	-	-	-	(63)
Reclassification	-	-	-	-	-	19,863	(19,863)	-	-	-	-	-
Foreign exchange differences from the conversion of Lao branch into a subsidiary	-	-	-	-	-	-	-	-	124,807	1,038	-	125,845
Appropriation to bonus and welfare fund (Note 20)	-	-	-	-	-	-	-	-	-	(288,043)	-	(288,043)
Subsidiary liquidation (SBJ Cambodia Co., Ltd.)	-	-	-	-	-	-	-	-	-	-	(4)	(4)
Others	-	-	-	-	-	-	-	-	-	(614)	-	(614)
Ending balance	18,852,157	1,121	63,612	(750,911)	653	118,124	1,442,957	858,752	229,077	1,264,953	-	22,080,495

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22. OWNERS' EQUITY (continued)

22.1 *Statement of changes in owners' equity* (continued)

According to Official Letter No. 7168/NHNN-TTGSNH dated 21 September 2015 by the State Bank of Vietnam, Official Letter No. 6924/UBCK-QLPH dated 4 November 2015 by the State Securities Commission and Official Letter No. 09/2006/GCNCP-VSD dated 12 November 2015 by the Vietnam Securities Depository, Saigon Thuong Tin Commercial Joint Stock Bank increased its charter capital to VND18,852,157 million as follows:

- ▶ Issue additional 400,000,000 shares of STB, equivalent to VND4,000 billion at par value, to swap all shares of PNB's shareholders related to the merger of Southern Commercial Joint Stock Bank; and
- ▶ Distribute treasury shares and bonus shares from share premium and dividend shares issuance for 2013 and 2014 to STB's shareholders before the merger amounting to VND2,427,041 million.

In 2015, the Bank recorded 81,562,287 treasury shares amounting to VND750,911 million from the merger of Southern Commercial Joint Stock Bank.

Details of shares issued by the Bank are as follows:

	<i>Ending balance Share</i>	<i>Beginning balance Share</i>
Number of authorized shares	1,885,215,716	1,242,511,590
Number of issued shares	1,885,215,716	1,242,511,590
- <i>Ordinary shares</i>	1,885,215,716	1,242,511,590
Number of repurchased shares	(81,562,287)	(100,000,000)
- <i>Ordinary shares</i>	(81,562,287)	(100,000,000)
Number of outstanding shares	1,803,653,429	1,142,511,590
- <i>Ordinary shares</i>	1,803,653,429	1,142,511,590

22.2 *Reserves of the Bank*

According to Decree No. 57/2012/ND-CP effective from 15 September 2012, commercial joint stock banks are required to appropriate the statutory reserves based on the percentage of net profit after tax as below:

	<i>Basis for calculation</i>	<i>Maximum balance</i>
Supplementary capital reserve	5% of profit after tax	100% of charter capital
Financial reserve	10% of profit after tax	25% of charter capital
Other reserves	Subject to resolution of the Annual general meeting of shareholders	Not defined

The Bank has not yet made statutory reserves from net profit after tax for 2015. Such reserves will be made in 2017 after getting approval of the shareholders at the Annual General Meeting and the State Bank of Vietnam.

22.3 *Subsidiaries' statutory reserves*

Statutory reserves of the subsidiaries are made in accordance with the decision of the Bank for each year in accordance with regulations in Vietnam and countries where subsidiaries are operating.

Sacombank Cambodia Plc and SBJ Cambodia Co., Ltd., are not required to make the reserves by local regulations of Cambodia.

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22. OWNERS' EQUITY (continued)

22.4 Dividends

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Beginning balance	7,088	42,161
Increase from the merger of Southern Commercial Joint Stock Bank	4,321	-
Dividend payable for minor shares in year	63	-
Dividend paid in year	(698)	(35,073)
Ending balance	10,774	7,088

23. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit after tax for the year attributable to ordinary shareholders of the Bank (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Information for calculation of basic and diluted earnings per share of the Bank is presented below:

	<i>Current year</i>	<i>Previous year</i> <i>(restate)</i>
Profit after tax (<i>VND million</i>)	647,919	2,206,436
Decrease due to the distribution to bonus and welfare funds (<i>Note 22.1</i>)	-	(288,043)
Net profit after tax attributable to ordinary shares for earnings per share calculation (<i>VND million</i>)	647,919	1,918,393
Weighted average number of outstanding ordinary shares in the year (<i>shares</i>)	1,458,564,556	1,142,511,590
<i>Effect of dilution:</i>		
Stock dividends (2013: 8%, 2014: 12%)	-	228,479,230
Distribution of treasury shares and a part of share premium to existing shareholders	-	114,224,896
Weighted average number of outstanding ordinary shares adjusted for the effect of dilution (<i>shares</i>)	1,458,564,556	1,485,215,716
Basic earnings per share (<i>VND</i>)	444	1,292
Diluted earnings per share (<i>VND</i>)	444	1,292

Basic earnings per share after previous year adjustment was restated to reflect the stock dividends, distribution of treasury shares and a part of share premium in the year.

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24. INTEREST AND SIMILAR INCOME

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Interest income from loans to customers and other credit institutions	13,296,220	12,496,539
Interest income from investments in debt securities	1,957,797	2,162,510
- <i>Interest income from held-for-trading securities</i>	258,817	285,496
- <i>Interest income from investments securities</i>	1,698,980	1,877,014
Interest income from deposits	186,047	124,480
Income from guarantees	161,196	142,478
Interest income from finance leases	149,544	124,740
Income from other credit activities	142,046	145,222
	15,892,850	15,195,969

25. INTEREST AND SIMILAR EXPENSES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Interest expenses on deposits	8,987,437	8,198,431
Interest expenses on borrowings	169,441	303,370
Interest expenses on valuable papers	7	493
Interest expenses from other credit activities	160,858	129,017
	9,317,743	8,631,311

26. NET FEE AND COMMISSION INCOME

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Fee and commission income	1,740,796	1,443,862
Income from settlement services	572,312	509,415
Income from treasury services	265,743	206,205
Income from warehouse leases	182,093	151,371
Income from remittance services	47,379	56,729
Income from other services	673,269	520,142
Fee and commission expenses	(569,533)	(495,379)
Expenses from settlement services	(205,098)	(150,290)
Expenses from postal and communication	(120,060)	(96,320)
Expenses from brokerage services	(66,989)	(60,008)
Expenses from treasury services	(30,854)	-
Depreciation expenses	(65,202)	(80,008)
Other services	(81,330)	(108,753)
	1,171,263	948,483

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27. NET GAIN FROM FOREIGN CURRENCIES AND GOLD TRADING

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Income from foreign exchange	1,497,833	765,024
Income from currency derivatives	1,171,681	480,707
Income from spot foreign exchange	292,859	257,354
Income from gold trading	33,293	26,963
Expense from foreign exchange	(1,338,991)	(568,857)
Expenses from currency derivatives	(1,139,822)	(455,903)
Expenses from spot foreign exchange	(98,422)	(70,982)
Expenses from gold trading	(26,377)	(15,883)
Loss from revaluation of foreign currencies, gold and financial instruments	(74,370)	(26,089)
	158,842	196,167

28. NET GAIN FROM DEALING OF HELD-FOR-TRADING SECURITIES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Income from dealing of held-for-trading securities	-	30,357
Expenses from dealing of held-for-trading securities	(8,125)	(24,054)
Reversal of provision for held-for-trading securities (Note 9)	19,580	176,783
	11,455	183,086

29. NET (LOSS)/GAIN FROM DEALING OF INVESTMENT SECURITIES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Income from dealing of investment securities	9,647	107,233
Expenses from dealing of investment securities	(8,155)	(79,348)
(Charged)/reversal of provision for investment securities (Note 13.4)	(100,970)	141,139
	(99,478)	169,024

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30. OTHER INCOME FROM OTHER OPERATING ACTIVITIES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Other operating income	479,034	192,607
Income from recovery of written off bad debts and special bonds issued by VAMC (i)	424,576	6,046
Income from reversal of accrued Head Office rental expenses (ii)	-	84,245
Income from disposals of fixed assets	-	17,451
Income from cash surplus from ATM	-	5,458
Dividends from foreclosed securities	-	2,372
Other income	54,458	77,035
Other operating expenses	(20,182)	(59,045)
Expenses from disposals of fixed assets	(3,464)	(20,948)
Other expenses	(16,718)	(38,097)
	458,852	133,562

(i) Included in income from recovery of written-off bad debts and special bonds issued by VAMC was an income of VND285,109 million related to foreclosed securities of a customer. These securities was sold with deferred payment plan to a partner for debt recovery.

(ii) This represents the income in 2014 from reversal of Head office rental expenses accrued in previous years due to the change in rental fee as stated in amending and supplementing agreement between the Bank and the lessor.

31. NET INCOME FROM LONG-TERM INVESTMENTS

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Dividends and profit received from capital contributions	12,675	48,153
- From held-for-trading securities	2,764	30,383
- From investment securities	2,464	4,608
- From other long-term investments	7,447	13,162
Loss from disposal of long-term investments	-	(1,478)
Reversal of provision for impairment of long-term investments (Note 14.2)	-	7,833
	12,675	54,508

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32. OPERATING EXPENSES

	<i>Current year</i> VND million	<i>Previous year</i> VND million
Taxes and other fees	78,998	79,133
Personnel expenses	2,858,094	2,577,294
<i>In which:</i>		
<i>Salary and allowances</i>	2,593,031	2,375,552
<i>Salary-related allowances</i>	214,313	181,520
<i>Allowances</i>	29,871	3,018
<i>Uniform allowances</i>	20,879	17,204
Asset expenditures	1,080,196	954,567
<i>In which:</i>		
<i>Depreciation and amortization charges</i>	333,024	287,688
Other operating expenses	738,023	678,448
<i>In which:</i>		
<i>Business trip expenses</i>	32,046	36,697
Insurance expenses for customer deposits	233,594	171,171
Provision expenses for long-term investment <i>(Note 14.2)</i>	156,427	-
Provision expenses for other assets	9,215	-
	5,154,547	4,460,613

33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprise the following amounts on the consolidated balance sheet:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Cash and cash equivalents	6,586,478	4,815,942
Balances with the State Bank of Vietnam	7,497,267	4,289,757
Demand deposits with other credit institutions	1,663,968	1,404,168
Deposits with other credit institutions with term under three months	543,900	1,490,551
Valuable papers with terms under three months from the purchase date	-	5,426,537
Short-term bills issued by the State Treasury which can be discounted with the SBV	-	2,139,438
	16,291,613	19,566,393

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33. CASH AND CASH EQUIVALENTS (continued)

Additional information on material non-monetary transactions eliminated from the consolidated cash flows statement in the year is as follows:

	<u>Current year</u> VND million	<u>Previous year</u> VND million
Distribution of treasury shares and bonus shares from share premium	142,249	-
Increase charter capital from retained earnings	2,284,792	-
Debts sold to VAMC in exchange for special bonds	7,619,029	4,349,032
Merger of Southern Commercial Bank	2,188,820	-
<i>In which:</i>		
- Adjustment to increase total assets from the merger	(81,716,506)	-
- Adjustment to increase total liabilities from the merger	79,568,362	-
- Adjustment to increase owners' equity from the merger	4,336,964	-
Merger of Phuong Nam Asset Management Co., Ltd.,	116,137	-
<i>In which:</i>		
- Adjustment to increase total assets from the merger	(156,869)	-
- Adjustment to increase total liabilities from the merger	9,764	-
- Adjustment to increase owners' equity from the merger	263,242	-

34. EMPLOYEES' INCOME

	<u>Current year</u>	<u>Previous year</u>
I. Total average number of employees (persons)	<u>13,936</u>	<u>12,066</u>
II. Employees' income (VND million)		
1. Total salary and advances	2,331,880	2,022,125
2. Other income	799,206	305,095
3. Total income (1+2)	<u>3,131,086</u>	<u>2,327,220</u>
4. Average salary per month (VND/person)	<u>13,943,982</u>	<u>13,965,723</u>
5. Average income per month (VND/person)	<u>18,723,008</u>	<u>16,072,849</u>

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35. COLLATERALS AND MORTGAGES

35.1 *Assets and valuable papers of customers and other credit institutions pledged, discounted and re-discounted*

Types and book value of collaterals of customers at the year-end are as follows:

	<i>Book value</i>	
	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Real estate properties	260,394,418	177,175,656
Valuable papers	27,942,802	18,710,138
Transportation vehicles	14,821,021	9,465,045
Machines and equipments	4,277,581	4,078,687
Inventories	4,280,556	4,238,733
Other assets	15,096,536	10,555,483
	326,812,914	224,223,742

35.2 *Assets and valuable papers of the Bank and its subsidiaries pledged, discounted and re-discounted at other credit institutions*

Details of assets and valuable papers of the Bank and its subsidiaries pledged, discounted and re-discounted at other credit institutions at the year-end are as follows:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Government bonds (<i>Note 13</i>)	1,094,557	2,806,707
Bonds issued by other local credit institutions (<i>Note 13</i>)	161,145	151,466
	1,255,702	2,958,173

36. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank and its subsidiaries are the parties to financial instruments which are recorded as off-balance sheet items. These financial instruments mainly comprise guarantee commitments and commercial letters of credit. These instruments involve elements of credit risk in excess of the amounts recognized in the consolidated balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank and its subsidiaries to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, performing of the contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending loans to other customers.

Commercial at sight letters of credit represents a financing transaction by the Bank and its subsidiaries to their customer where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk from this type of letters of credit is limited as the merchandise shipped serves as collateral for the transaction.

Deferred payment letters of credits represent the amounts at risk should the contract be fully effected but the client defaults in repayment to the beneficiary. Deferred payment letters of credit that defaulted by clients are recognized by the Bank and its subsidiaries as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank and its subsidiaries to pay the beneficiaries and to fulfil the guarantor obligation.

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36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Guarantee commitment is the commitment issued by the Bank and its subsidiaries to guarantee the performance of the customers to a third party including guarantee for borrowings, settlement, performing contracts and bidding... Credit risk of the borrowing guarantee, settlement guarantee in general is essentially the same as that involved in extending loans to other customers, while other guarantees, the risk is lower.

Risk of the letter of credit is usually lower, in condition that the Bank and its subsidiaries can control goods. Deferred letter of credit may have contingent risk higher than at sight letter of credit. Deferred payment letters of credit that were defaulted by clients are recognized by the Bank and its subsidiaries as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank and its subsidiaries to pay the beneficiaries and to fulfill the guarantor obligation.

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

The currency trading commitments are commitments to purchase, sell at spot and currency swap commitments. Commitments to purchase, sell at spot are commitments to purchase, sell currency according to exchange rate dealt and payment within two (02) days since transaction date. Currency swap commitments are commitments to purchase and sell with the same notional principal amount (only two currencies used for transaction) to one client, including one transaction for term payment at spot and one transaction for term payment in the future with the exchange rate of both transactions determined at spot transaction date.

Details of outstanding contingent liabilities and commitments are as follows:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Letters of credit	6,623,786	8,646,367
Commitments on foreign exchange transactions	14,423,048	38,574,959
- <i>Commitments on buying foreign currencies</i>	2,537,450	4,346,830
- <i>Commitments on selling foreign currencies</i>	1,970,586	3,265,376
- <i>Commitments on swap</i>	9,915,012	30,962,753
Guarantees for borrowings	32,404	190,294
Other guarantees	3,912,523	3,290,959
Other commitments	11,271	11,103
	25,003,032	50,713,682
Less: Margin deposits	(342,543)	(526,579)
Contingent liabilities and commitments	24,660,489	50,187,103

Results of the loan classification as required by Circular 02, Circular 09 and the Bank and its subsidiaries' policy on loan classification and provision are as follows:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Current loans	10,579,984	12,138,723
<i>In which:</i>		
- <i>Letters of credit</i>	6,623,786	8,646,367
- <i>Guarantees for borrowings</i>	32,404	190,294
- <i>Other guarantees</i>	3,912,523	3,290,959
- <i>Other commitments</i>	11,271	11,103

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37. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank and its subsidiaries are related. Parties are considered as related parties if one party is able to control over or significantly influence on the other party in making decision of financial and operational policies. A party is deemed to be related to the Bank and its subsidiaries if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
- ▶ controls, is controlled by, or is under common control with, the Bank and its subsidiaries (including parents and subsidiaries);
 - ▶ has an interest in the Bank and its subsidiaries (owning 5% or more of the charter capital or voting share capital) that gives it significant influence over the Bank and its subsidiaries;
 - ▶ has joint control over the Bank and its subsidiaries;
- (b) The party is a joint venture in which the Bank and its subsidiaries is a venture or an associate (owning over 11% of the charter capital or voting share capital, but is not a subsidiary of the Bank);
- (c) The party whose member is the key management personnel of the Bank and its subsidiaries;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is, directly or indirectly, controlled, jointly controlled or significantly influenced by, or of which, significant voting power in such entity resides with any individual referred to in (c) or (d).

Significant transactions with related parties are as follows:

<i>Related party</i>	<i>Transactions</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
Key management of the Bank and its subsidiaries	Interest income from loans	1,666	2,274
	Interest expenses on deposits	(4,317)	(4,941)
	Post-tax remuneration of members of the Board of Directors and Board of Supervision	(32,266)	(38,284)
	Post-tax income of members of the Board of Management	(95,378)	(82,686)
Related parties to key management of the Bank and its subsidiaries	Interest income from loans/deposits	13,486	3,307
	Interest expenses on borrowings/deposits	(3,940)	(4,911)
Main shareholders (own more than 5% of the Bank's charter capital)	Interest expenses on loans/deposits	-	2,803
	Other income	3,269	12,251
	Other expense	(20,345)	-
Related parties to main shareholders	Interest income from loans	2,841	8,511
	Interest expenses on deposit	(2,081)	(2,505)

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37. RELATED PARTY TRANSACTIONS (continued)

Receivables and payables with related parties as at 31 December 2015 are as follows:

<i>Related party</i>	<i>Transactions</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Key management of the Bank and its subsidiaries	Loans	435,281	50,830
	Deposits	(123,880)	(117,023)
	Other receivables	238,086	-
Related parties to key management of the Bank and its subsidiaries	Loans	22,248	45,962
	Deposits	(81,251)	(63,596)
Related parties to main shareholders	Loans	-	131,701
	Deposits	(88,532)	(98,685)

38. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

	<i>Domestic VND million</i>	<i>Overseas VND million</i>	<i>Total VND million</i>
Assets as at 31 December 2015			
Due from and loans to other credit institutions - gross	890,854	1,317,566	2,208,420
Loans and finance leases to customers - gross	182,006,065	3,910,748	185,916,813
Held-for-trading and investment securities - gross	41,381,750	547	41,382,297
Purchased debts - gross	300	-	300
Long-term investments - gross	897,843	-	897,843
Liabilities as at 31 December 2015			
Due to and borrowings from other credit institutions	1,534,471	1,419,602	2,954,073
Due to customers	258,603,486	2,391,259	260,994,745
Derivatives and other financial liabilities (Nominal amount)	3,860,958	1,505,277	5,366,235
Grants, entrusted funds and loans exposed to risks	332,763	1,460,471	1,793,234
Valuable papers issued	600	-	600
Off-balance sheet commitments as at 31 December 2015	17,965,852	6,694,637	24,660,489

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39. SEGMENT REPORT

39.1 Main segment report: by geographical region

Information on income, expenses, assets and liabilities by geographical region of the Bank and its subsidiaries as at and for the year ended 31 December 2015 is as follows:

	<i>South</i> <i>VND million</i>	<i>North</i> <i>VND million</i>	<i>Central</i> <i>VND million</i>	<i>Laos</i> <i>VND million</i>	<i>Cambodia</i> <i>VND million</i>	<i>Total segment</i> <i>reported</i> <i>VND million</i>	<i>Eliminations</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Interest and similar income	17,031,485	2,668,632	2,804,845	165,665	174,577	22,845,204	(6,952,354)	15,892,850
Interest and similar expenses	(12,946,299)	(1,661,167)	(1,536,767)	(70,411)	(55,453)	(16,270,097)	6,952,354	(9,317,743)
Net interest and similar income	4,085,186	1,007,465	1,268,078	95,254	119,124	6,575,107	-	6,575,107
Non-interest income	1,433,677	141,369	94,961	14,332	29,270	1,713,609	-	1,713,609
TOTAL OPERATING INCOME	5,518,863	1,148,834	1,363,039	109,586	148,394	8,288,716	-	8,288,716
TOTAL OPERATING EXPENSES	(3,959,052)	(524,121)	(505,889)	(67,412)	(98,073)	(5,154,547)	-	(5,154,547)
Net operating profit before credit loss expenses	1,559,811	624,713	857,150	42,174	50,321	3,134,169	-	3,134,169
Credit loss expenses	(2,241,364)	(1,039)	5	(3,053)	(10,563)	(2,256,014)	-	(2,256,014)
PROFIT BEFORE TAX	(681,553)	623,674	857,155	39,121	39,758	878,155	-	878,155
Total corporate income tax expenses	(211,172)	-	-	(9,326)	(9,738)	(230,236)	-	(230,236)
NET PROFIT AFTER TAX	(892,725)	623,674	857,155	29,795	30,020	647,919	-	647,919
ASSETS								
Due from and loans to other credit institutions	2,143,212	4,433	1,183	26,777	32,263	2,207,868	-	2,207,868
Loans and finance leases to customers	138,619,474	16,789,408	24,411,102	1,483,347	2,356,690	183,660,021	-	183,660,021
Investment securities	40,367,385	-	-	-	547	40,367,932	-	40,367,932
Other assets	61,489,744	1,739,288	1,850,131	698,240	581,430	66,358,833	(561,918)	65,796,915
TOTAL ASSETS	242,619,815	18,533,129	26,262,416	2,208,364	2,970,930	292,594,654	(561,918)	292,032,736
LIABILITIES								
Due to and borrowings from other credit institutions	2,397,018	360	6,845	85,787	464,063	2,954,073	-	2,954,073
Due to customers	190,187,099	42,203,618	26,419,912	1,018,911	1,165,205	260,994,745	-	260,994,745
Other liabilities	5,391,896	672,421	423,372	41,373	36,279	6,565,341	(561,918)	6,003,423
TOTAL LIABILITIES	197,976,013	42,876,399	26,850,129	1,146,071	1,665,547	270,514,159	(561,918)	269,952,241

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39. SEGMENT REPORT (continued)

39.2 *Secondary segment report: by business sector*

For management purposes, the Bank and its subsidiaries are organized into sectors based on the followings:

Individual customers and corporate customers:

The products and services provided to individual and corporate clients include:

- due to customers;
- loans and finance leases to customers;
- card services and remittance services.

Investments:

Securities investments and other long-term investments.

Interbank:

Placements from and to; borrowings, lending and other interbank activities with other credit institutions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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39. SEGMENT REPORT (continued)

39.2 Secondary segment report: by business sector (continued)

Information on assets and liabilities of the business sectors of the Bank and its subsidiaries as at 31 December 2015 is as follows:

	<i>Individual and corporate customers VND million</i>	<i>Investments VND million</i>	<i>Interbank VND million</i>	<i>Un-allocated general activities VND million</i>	<i>Total VND million</i>
ASSETS					
Cash, gold and precious stones	-	-	-	6,586,478	6,586,478
Balances with central banks	-	-	7,497,267	-	7,497,267
Due from and loans to other credit institutions	-	-	2,207,868	-	2,207,868
Held-for-trading securities	-	95,334	-	-	95,334
Loans and finance leases to customers	183,660,021	-	-	-	183,660,021
Investment securities	-	39,678,056	-	-	39,678,056
Long-term investments	-	594,542	-	-	594,542
Fixed assets	-	-	-	7,967,719	7,967,719
Other assets	29,233,406	2,385,564	26,406	12,100,075	43,745,451
TOTAL ASSETS	212,893,427	42,753,496	9,731,541	26,654,272	292,032,736
LIABILITIES					
Due to and borrowings from other credit institutions	-	-	2,954,073	-	2,954,073
Due to customers	260,994,745	-	-	-	260,994,745
Derivatives and other financial liabilities	-	-	22,853	-	22,853
Grants, entrusted funds and loans exposed to risks	-	-	1,793,234	-	1,793,234
Valuable papers issued	600	-	-	-	600
Other liabilities	3,909,505	-	17,822	259,409	4,186,736
TOTAL LIABILITIES	264,904,850	-	4,787,982	259,409	269,952,241

Segmental information on income and expenses is not presented by as the Bank and its subsidiaries have not established management information system to collect these information.

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40. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Bank and its subsidiaries' 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 and its subsidiaries' continuing profitability and each individual within the Bank and its subsidiaries is accountable for the risk prevention within his or her responsibilities. The Bank and its subsidiaries are exposed to credit risk, liquidity risk and market risk (then being subdivided into trading and non-trading risks). The Bank and its subsidiaries 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 and its subsidiaries' policy is to monitor those business risks through the Bank and its subsidiaries' strategic planning process.

(i) *Risk management structure*

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

(ii) *Board of Directors*

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

(iii) *Risk Management Committee*

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

Risk Management Committee analyses and provides warnings on the potential risks that may affect the Bank and its subsidiaries' operation 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 and its subsidiaries to make recommendations to the Board of Directors on the improvement of procedures, policies and operational strategies.

(iv) *Board of Supervision*

The Board of Supervision has the responsibility to control the overall risk management process within the Bank and its subsidiaries.

(v) *Internal Audit*

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

(vi) *Risk measurement and reporting systems*

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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40. FINANCIAL RISK MANAGEMENT (continued)

(vi) *Risk measurement and reporting systems (continued)*

Information compiled from all business activities is examined and processed in order to analyze, control and early identify risks. This information is presented and explained to the Board of Directors, The Board of Management, and the department heads. The report includes aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Board of Directors assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Board of Directors 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 and its subsidiaries.

For all levels throughout the Bank and its subsidiaries, 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.

(vii) *Risk mitigation*

The Bank and its subsidiaries actively use collaterals to reduce their credit risks.

(viii) *Excessive risk concentration*

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

These above concentrations indicate the relative sensitivity of the Bank and its subsidiaries' performance to the developments of a particular industry or geographic allocation.

In order to avoid excessive concentrations of risk, the Bank and its subsidiaries' 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 and its subsidiaries in respect of the industries and other related factors.

41. CREDIT RISK

Credit risk is the risk that the Bank and its subsidiaries will incur a loss because their customers or counterparties fail to discharge their contractual obligations.

The Bank and its subsidiaries manage and control credit risk by setting limits on the amount of risk they are willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank and its subsidiaries have established a credit quality review process to provide early identification of possible changes in the financial position and creditworthiness of counterparties, including regular collateral revisions. Credit limit for each counterparty is established by the use of a credit rating system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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41. CREDIT RISK (continued)

41.1 Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposures to credit risk relating to each group of financial assets which are equivalent to their book values on the consolidated balance sheet are listed below:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Credit risk exposures of balance sheet items		
Due from and loans to other credit institutions	2,208,420	3,630,099
Loans and finance leases to customers		
- Individuals	89,680,646	56,975,945
- Corporates	96,236,167	71,039,066
Purchased debts	300	-
Derivatives and other financial assets	-	12,151
Investment securities		
- Debt securities - available-for-sale	176,177	427,100
- Debt securities - held-to-maturity	15,142,479	5,935,128
Other financial assets	31,920,251	6,844,881
Credit risk exposures of off-balance sheet items		
Financial guarantees	3,944,927	3,481,253
Letters of credit	6,623,786	8,646,367
Other commitments	11,271	11,103

This table presents the worst scenario which the Bank and its subsidiaries will incur the maximum credit exposures as at 31 December 2015 and 31 December 2014, without taking into account of any collateral held or their credit enhancements.

41.2 Financial assets neither past due nor impaired

The Bank and its subsidiaries' financial assets which are neither past due nor impaired include loans and finance leases to customers classified as Group 1 (Current) in accordance with Circular 02 and Circular 09; securities, receivables and other financial assets which are not past due and no provision is required in accordance with Circular 228 and Circular 89 except for loans classified as Group 1 amounting to VND33,782,627 million (*Note 11.1*) and some accrued interest receivables which were blocked and amortized into the profit and loss (*Note 16.2*) according to the Restructuring Plan as approved by the SBV.

41.3 Financial assets past due but not impaired

The aging of financial assets past due but not impaired as at 31 December 2015 is presented as below:

	<i>Past due</i>				<i>Total</i> VND million
	<i>Less than</i> 90 days VND million	<i>From 91 to</i> 180 days VND million	<i>From 181 to</i> 360 days VND million	<i>More than</i> 360 days VND million	
Loans and finance leases to customers	157,172	46,196	27,363	290,697	521,428
Receivables	6,363	2,328	-	-	8,691
	163,535	48,524	27,363	290,697	530,119

Loans and finance leases to customers past due but not impaired are loans which are overdue but no provision is required as these loans are secured adequately by collaterals under the form of deposits, real estate, movable assets, valuable papers and other assets.

Receivables past due but not impaired are the receivables which are overdue under six (6) months and no provision is required in accordance with Circular 228 and Circular 89.

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42. MARKET RISK

42.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair values of financial instruments. The Bank and its subsidiaries are exposed to interest rate risk as a result of mismatches of maturity dates or dates of interest rate re-pricing in respect of assets, liabilities and off-balance sheet instruments over a certain period. The Bank and its subsidiaries manage this risk by matching the dates of interest rate re-pricing of assets and liabilities through risk management strategies.

Analysis of assets and liabilities based on interest rate re-pricing date

The term of interest rate re-pricing is calculated from the consolidated balance sheet date to the next interest rate re-pricing date or the maturity date of the items on the consolidated balance sheet whichever is earlier.

The following assumptions and conditions have been adopted in the analysis of interest rate re-pricing terms of the assets and liabilities of the Bank and its subsidiaries:

- ▶ Cash, gold, precious stones, long-term investments, other assets (including fixed assets, investment properties and other assets) and other liabilities are classified as non-interest bearing items;
- ▶ Balances with central banks are considered as current and the re-pricing term is therefore considered within one (1) month;
- ▶ The re-pricing term of investment securities and held-for-trading securities is determined based on the maturity term of each kind of securities as at the consolidated balance sheet date;
- ▶ The re-pricing term of balances due from and loans to other credit institutions; loans and finance leases to customers; borrowings from the Government and the central banks; due to and borrowings from other credit institutions, due to customers and grants, entrusted funds and loans exposed to risks are determined as follows:
 - Items which bear fixed interest rate for the entire contractual term: The re-pricing term is determined based on the remaining contractual term calculated from the consolidated balance sheet date.
 - Items which bear floating interest rate: The re-pricing term is determined based on the next interest rate re-pricing date subsequent to the consolidated balance sheet date.
- ▶ The re-pricing term of valuable papers is determined based on the remaining maturity term of each valuable paper.

The following table presents the interest re-pricing period of the Bank and its subsidiaries' assets and liabilities as at 31 December 2015.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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42. MARKET RISK (continued)

42.1 Interest rate risk (continued)

	Overdue VND million	Non-interest bearing VND million	Interest re-pricing period					Over 5 years VND million	Total VND million
			Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million		
Assets									
Cash, gold and precious stones	-	6,586,478	-	-	-	-	-	-	6,586,478
Balances with central banks	-	305,103	7,192,164	-	-	-	-	-	7,497,267
Due from and loans to other credit institutions - gross	552	42,992	2,164,876	-	-	-	-	-	2,208,420
Held-for-trading securities - gross	-	124,841	-	-	-	-	-	-	124,841
Loans and finance leases to customers - gross	2,280,739	43,321,983	46,037,696	84,639,506	1,660,067	1,984,142	4,976,814	1,015,866	185,916,813
Purchased debts - gross	300	-	-	-	-	-	-	-	300
Investment securities - gross	-	14,555,310	650,526	2,524,558	5,441,171	2,233,921	15,801,059	50,911	41,257,456
Long-term investments - gross	-	897,843	-	-	-	-	-	-	897,843
Fixed assets	-	7,967,719	-	-	-	-	-	-	7,967,719
Other assets - gross	1,089,355	43,230,760	3,611	-	1,776	5,753	-	-	44,331,255
Total assets	3,370,946	117,033,029	56,048,873	87,164,064	7,103,014	4,223,816	20,777,873	1,066,777	296,788,392
Liabilities									
Due to and borrowings from other credit institutions	-	18,099	2,096,592	549,570	197,010	87,610	1,292	3,900	2,954,073
Due to customers	-	1,034,322	119,438,959	53,306,333	40,174,182	40,497,882	6,504,406	38,661	260,994,745
Derivatives and other financial liabilities	-	22,853	-	-	-	-	-	-	22,853
Grants, entrusted funds and loans exposed to risks	-	-	332,763	1,116,390	341,250	354	2,477	-	1,793,234
Valuable papers issued	-	-	600	-	-	-	-	-	600
Other liabilities	-	4,186,736	-	-	-	-	-	-	4,186,736
Total liabilities	-	5,262,010	121,868,914	54,972,293	40,712,442	40,585,846	6,508,175	42,561	269,952,241
Interest sensitivity gap	3,370,946	111,771,019	(65,820,041)	32,191,771	(33,609,428)	(36,362,030)	14,269,698	1,024,216	26,836,151

Interest rate sensitivity

No analysis on interest rate sensitivity was performed at 31 December 2015 due to unavailability of sufficient data and technology.

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42. MARKET RISK (continued)

42.2 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Bank and its subsidiaries are incorporated and operating in Vietnam with reporting currency as VND. The major currency of their transactions is also VND, some transactions are denominated in gold, USD, EUR and other foreign currencies; except for Sacombank Lao Plc whose major currency is LAK, and Sacombank Cambodia Plc, SBJ Cambodia Co., Ltd., whose major currency is USD. The Bank and its subsidiaries have set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure positions of the currencies are maintained within the established limits.

The following table presents assets and liabilities in foreign currencies translated into VND as at 31 December 2015:

	<i>EUR equivalent to VND million</i>	<i>USD equivalent to VND million</i>	<i>Gold equivalent to VND million</i>	<i>Other foreign currencies equivalent to VND million</i>	<i>Total VND million</i>
Assets					
Cash, gold and precious stones	251,279	1,239,289	251,939	744,868	2,487,375
Balances with central banks	-	1,535,484	-	130,947	1,666,431
Due from and loans to other credit institutions - gross	29,808	1,604,146	-	207,174	1,841,128
Derivatives and other financial assets	842,905	610,253	-	119,023	1,572,181
Loans and finance leases to customers - gross	-	10,323,161	382,425	1,257,727	11,963,313
Investment securities - gross	-	547	-	-	547
Fixed assets	-	20,288	-	312,364	332,652
Other assets - gross	98	356,712	63,860	45,333	466,003
Total assets	1,124,090	15,689,880	698,224	2,817,436	20,329,630
Liabilities					
Due to and borrowings from other credit institutions	-	1,356,408	-	69,676	1,426,084
Due to customers	400,018	13,215,028	5,633	1,073,123	14,693,802
Derivatives and other financial liabilities	-	-	-	383,421	383,421
Grants, entrusted funds and loans exposed to risks	-	1,448,108	-	-	1,448,108
Valuable papers issued	-	4	-	-	4
Other liabilities	8,448	170,062	50	60,208	238,768
Total liabilities	408,466	16,189,610	5,683	1,586,428	18,190,187
Foreign exchange position on-balance sheet	715,624	(499,730)	692,541	1,231,008	2,139,443
Foreign exchange position off-balance sheet	(713,998)	1,696,644	(170,710)	(245,072)	566,864
Foreign exchange position on and off-balance sheet	1,626	1,196,914	521,831	985,936	2,706,307

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42. MARKET RISK (continued)

42.2 Currency risk (continued)

Foreign currency sensitivity

No analysis on foreign currency sensitivity was performed as at 31 December 2015 due to unavailability of sufficient data and technology.

42.3 Liquidity risk

Liquidity risk is the risk which the Bank and its subsidiaries have difficulty in meeting their financial obligations. Liquidity risk occurs when the Bank and its subsidiaries cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To minimize the liquidity risk exposure, the Bank and its subsidiaries diversify the mobilization of deposits from various sources apart from their basic capital resources. In addition, the Bank and its subsidiaries have a flexible policy to control liquidity of assets, monitor the future cash flows and daily liquidity. The Bank and its subsidiaries also evaluate the estimated cash flows and the availability of current collaterals in case of obtaining more deposits.

The maturity term of assets and liabilities represents the remaining period of assets and liabilities calculated from the consolidated balance sheet date to the settlement date in accordance with contractual terms and conditions.

The following assumptions and conditions are applied in the maturity analysis of the Bank and its subsidiaries' assets and liabilities:

- ▶ Balances with central banks are classified as demand deposits which include compulsory deposits;
- ▶ The maturity term of investment securities is calculated based on the maturity date of each kind of securities; except for the maturity term of investments in Government bonds and bonds issued by the Vietnam Development Bank is considered within one month because of their high liquidity;
- ▶ The maturity term of due from and loans to other credit institutions; loans and finance leases to customers is determined based on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended;
- ▶ The maturity term of long-term investments is considered as more than one year because these investments do not have specific maturity date;
- ▶ The maturity term of due to and borrowings from other credit institutions; due to customers is determined based on features of these items or the maturity date as stipulated in contracts. Vostro account and demand deposits are transacted as required by customers, and therefore, classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In practice, these amounts may be rolled over, and therefore, they may last beyond the original maturity date;
- ▶ The maturity term of fixed assets is determined based on the remaining useful life of assets.

The following table presents the Bank and its subsidiaries' assets and liabilities by relevant maturity based on the remaining period calculated as at 31 December 2015.

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42. MARKET RISK (continued)

42.3 Liquidity risk (continued)

	Overdue		Current					Total VND million
	Above 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Above 5 years VND million	
Assets								
Cash, gold and precious stones	-	-	6,586,478	-	-	-	-	6,586,478
Balances with central banks	-	-	7,497,267	-	-	-	-	7,497,267
Due from and loans to other credit institutions - gross	552	-	2,207,868	-	-	-	-	2,208,420
Held-for-trading securities - gross	-	-	-	124,841	-	-	-	124,841
Loans and finance leases to customers - gross	1,249,057	1,031,682	7,026,977	15,726,417	42,941,104	92,651,785	25,289,791	185,916,813
Purchased debts - gross	300	-	-	-	-	-	-	300
Investment securities - gross	-	-	24,696,373	412,284	-	16,148,252	547	41,257,456
Long-term investments - gross	-	-	-	-	-	-	897,843	897,843
Fixed assets	-	-	7,370	777	21,468	586,390	7,351,714	7,967,719
Other assets - gross	1,083,962	5,393	3,826,576	910,153	1,761,289	15,134,050	21,609,832	44,331,255
Total assets	2,333,871	1,037,075	51,848,909	17,174,472	44,723,861	124,520,477	55,149,727	296,788,392
Liabilities								
Due to and borrowings from other credit institutions	-	-	1,011,041	709,815	603,221	624,524	5,472	2,954,073
Due to customers	-	-	120,338,180	53,307,157	80,696,739	6,614,000	38,669	260,994,745
Derivatives and other financial liabilities	-	-	22,853	-	-	-	-	22,853
Grants, entrusted funds and loans exposed to risks	-	-	4,313	45,235	314,875	1,428,311	500	1,793,234
Valuable papers issued	-	-	600	-	-	-	-	600
Other liabilities	-	-	1,576,432	1,005,103	1,402,839	190,555	11,807	4,186,736
Total liabilities	-	-	122,953,419	55,067,310	83,017,674	8,857,390	56,448	269,952,241
Net liquidity gap	2,333,871	1,037,075	(71,104,510)	(37,892,838)	(38,293,813)	115,663,087	55,093,279	26,836,151

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42. MARKET RISKS (continued)

42.4 Market price risk

Except for the assets and liabilities presented above, the Bank and its subsidiaries have no other market price risks which have risk level accounting for 5% or more of net profit or the value of assets, liabilities accounting for 5% or more of total assets.

43. EXPENDITURE, OPERATING LEASE COMMITMENTS AND FIDUCIARY ASSETS

43.1 Expenditure commitments

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Capital commitments on office building constructions and equipment acquisition	93,963	129,890

43.2 Operating lease commitments

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Operating lease commitments	2,206,569	10,197,421
<i>In which:</i>		
- Due within one year	304,360	441,819
- Due from one to five years	803,240	1,613,056
- Due after five years	1,098,969	8,142,546

43.3 Assets held under custody

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Gold kept on behalf of customers	1,659,294	2,662,354

44. SUPPLEMENTAL NOTES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES ACCORDING TO CIRCULAR NO. 210/2009/TT-BTC

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") which is effective for financial years beginning on or after 1 January 2011.

The Circular 210 only provides for the presentation and disclosures of financial instruments; therefore, the concepts of financial assets, financial liabilities and related concepts are applied solely for the supplemental presentation. Assets, liabilities and equity of the Bank and its subsidiaries have been recognized and measured in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, special bonds issued by VAMC, bad debts, doubtful assets and investment securities during the restructuring period and with the statutory requirements relevant to preparation and presentation of consolidated financial statements.

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44. SUPPLEMENTAL NOTES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES ACCORDING TO CIRCULAR NO. 210/2009/TT-BTC (continued)

Financial assets

Financial assets of the Bank and its subsidiaries within the scope of Circular 210 comprise cash, gold, precious stones; balances with central banks; due from and loans to other credit institutions; loans and finance leases to customers; held-for-trading and investment securities; receivables and other assets under currency derivative contracts.

According to Circular 210, financial assets are classified appropriately, for the purpose of disclosure in the consolidated financial statements, into one of the following categories:

► *A financial asset at fair value through profit or loss:*

Is a financial asset that meets either of the following conditions:

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

► *Held-to-maturity investments:*

Are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank and its subsidiaries have the positive intention and ability to hold to maturity other than:

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

► *Loans and finance leases and receivables:*

Are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

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

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44. SUPPLEMENTAL NOTES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES ACCORDING TO CIRCULAR NO. 210/2009/TT-BTC (continued)

Financial assets (continued)

► *Available-for-sale assets:*

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

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

Financial liabilities

Financial liabilities of the Bank and its subsidiaries within the scope of Circular 210 consist of borrowings from the Government and the State Bank of Vietnam, due to and borrowings from other credit institutions, due to customers, grants, entrusted funds and loans exposed to risks, valuable papers issued, payables and other liabilities under currency derivative contracts.

According to Circular 210, financial liabilities are classified appropriately, for the purpose of disclosure in the consolidated financial statements, into one of the following categories:

► *A financial liability at fair value through profit or loss:*

Is a financial liability that meets either of the following conditions:

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

► *Financial liabilities at amortized cost:*

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

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and reported at the net amount in the consolidated balance sheet if, and only if, the Bank and its subsidiaries have an enforceable legal right to offset financial assets against financial liabilities and the Bank and its subsidiaries have intention to settle on a net basis, or the realization of the assets and settlement of liabilities is made simultaneously.

Fair value of financial instruments

The fair value of cash and short term deposits approximate to their carrying value due to their short term maturity.

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44. SUPPLEMENTAL NOTES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES ACCORDING TO CIRCULAR NO. 210/2009/TT-BTC (continued)

44.1 Carrying amount and fair value of financial assets and financial liabilities

The carrying amount and fair value of the Bank and its subsidiaries' financial instruments as at 31 December 2015 are presented as below:

	<i>Carrying value</i>					<i>Total VND million</i>	<i>Fair value VND million</i>
	<i>Held for trading VND million</i>	<i>Held to maturity VND million</i>	<i>Loans and receivables VND million</i>	<i>Available-for- sale VND million</i>	<i>Other assets and liabilities at amortized cost VND million</i>		
Cash, gold and precious stones	-	-	-	-	6,586,478	6,586,478	6,586,478
Balances with central banks	-	-	-	-	7,497,267	7,497,267	7,497,267
Due from and loans to other credit institutions	-	-	-	-	2,207,868	2,207,868	(*)
Held-for-trading securities	95,334	-	-	-	-	95,334	(*)
Loans and finance leases to customers	-	-	183,660,021	-	-	183,660,021	(*)
Available-for-sale securities	-	-	-	24,915,848	-	24,915,848	(*)
Held-to-maturity securities	-	14,762,208	-	-	-	14,762,208	(*)
Other long-term investments	-	-	-	594,542	-	594,542	(*)
Other financial assets	-	-	-	-	31,668,639	31,668,639	(*)
	95,334	14,762,208	183,660,021	25,510,390	47,960,252	271,988,205	
Due to and borrowings from other credit institutions	-	-	-	-	2,954,073	2,954,073	(*)
Due to customers	-	-	-	-	260,994,745	260,994,745	(*)
Derivatives and other financial liabilities	-	-	-	-	22,853	22,853	(*)
Grants, entrusted funds and loans exposed to risks	-	-	-	-	1,793,234	1,793,234	(*)
Valuable papers issued	-	-	-	-	600	600	(*)
Other financial liabilities	-	-	-	-	3,867,035	3,867,035	(*)
	-	-	-	-	269,632,540	269,632,540	

(*) As Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and related regulations of the SBV have no specific guidance on the fair value determination, the fair value of these items cannot be determined.

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45. HEDGING

For assets and liabilities management, the Bank and its subsidiaries have used hedging derivatives to mitigate credit risk and market risk. Hedging is applied to a specific financial instrument, a portfolio of financial instruments having fixed interest rate as well as total financial position.

The Bank and its subsidiaries have used fair value hedging to mitigate the risk from the fluctuation of assets and liabilities' fair value caused by the changes in interest rate and foreign exchange rate. For interest hedging, hedged financial instruments include loans and finance leases to customers, available-for-sale debt securities and valuable papers issued. For currency hedging, the Bank and its subsidiaries have used swap contracts.

46. EVENTS AFTER THE BALANCE SHEET DATE

On 22 May 2017, the Post-merger Restructuring Plan of Saigon Thuong Tin Commercial Joint Stock Bank for the period up to 2025 and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period was approved by the State Bank of Vietnam according to Decision No. 34/QD-NHNN.Tym and Official Letter No. 426/NHNN-TTGSNH.Tym.

Except for the above event and other information disclosed in relevant notes to the separate financial statements, there have been no other significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the separate financial statements.

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47. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
SJC gold	3,270,000	3,515,000
SBJ gold	3,270,000	3,510,000
USD	21,890	21,246
EUR	24,574	26,026
GBP	33,311	33,351
CHF	22,522	21,496
JPY	186.52	178.15
SGD	15,819	16,115
CAD	16,095	18,390
AUD	16,311	17,558
LAK	2,773	2,643
THB	597	621
NZD	15,201	16,581

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Ho Chi Minh City, Vietnam

29 May 2017