

Saigon Thuong Tin Commercial Joint Stock Bank

Separate 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 separate 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 separate 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 separate 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 separate 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 is Ernst & Young Vietnam Limited.

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

According to Decision No. 1844/QD-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/QD-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 separate financial statements of the Bank as at and for the financial year ended 31 December 2015.

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

The Board of Management is responsible for the separate financial statements of each year which give a true and fair view of the separate financial position of the Bank and of the separate results of its operations and its separate cash flows for the year. In preparing those separate 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 separate financial statements; and
- ▶ prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank 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 separate financial position of the Bank and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank 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 separate financial statements for the year ended 31 December 2015.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Bank as at 31 December 2015, of the separate results of its operations and its separate 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 separate financial statements.




General Director

Ho Chi Minh City, Vietnam

29 May 2017



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Reference: 60857352/17860423

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying separate financial statements of Saigon Thuong Tin Commercial Joint Stock Bank ("the Bank") as prepared on 29 May 2017 and set out on pages 7 to 83, which comprise the separate balance sheet as at 31 December 2015, the separate income statement and the separate 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 separate 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 separate financial statements, and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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



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Opinion

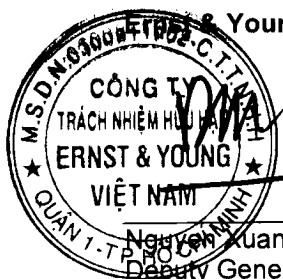
In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Bank as at 31 December 2015, of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting 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 separate 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 in 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 its 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 separate 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 separate financial statements.

Our opinion is not modified in respect of this matter.



Ernst & Young Vietnam Limited

Nguyen Tuan Dai
Deputy General Director
Audit Practicing Registration
Certificate No. 0452-2013-004-1

Nguyen Quoc Tuan
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

SEPARATE BALANCE SHEET
as at 31 December 2015

B02/TCTD

	Notes	Ending balance VND million	Beginning balance VND million
ASSETS			
Cash and gold	6	6,402,244	4,682,765
Balances with the State Bank of Vietnam	7	6,794,170	4,040,518
Due from and loans to other credit institutions		4,623,072	4,958,262
Due from other credit institutions	8.1	3,639,543	3,593,344
Loans to other credit institutions	8.2	984,081	1,364,918
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 to customers		178,427,423	123,269,459
Loans to customers	11	180,592,870	124,575,857
Provision for credit losses of loans to customers	12	(2,165,447)	(1,306,398)
Investment securities	13	39,677,509	25,924,909
Available-for-sale securities	13.1	25,108,656	20,250,274
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		3,419,337	2,031,159
Investment in subsidiaries	14.1	2,967,294	1,848,294
Other long-term investments	14.2	856,636	400,749
Provision for long-term investments	14.3	(404,593)	(217,884)
Fixed assets		7,316,111	4,883,145
<i>Tangible fixed assets</i>	15.1	<i>4,026,388</i>	<i>2,620,758</i>
Cost		5,535,793	3,537,488
Accumulated depreciation		(1,509,405)	(916,730)
<i>Intangible fixed assets</i>	15.2	<i>3,289,723</i>	<i>2,262,387</i>
Cost		3,904,215	2,737,101
Accumulated amortization		(614,492)	(474,714)
Other assets		43,608,915	11,191,865
Receivables	16.1	17,085,178	4,737,887
Interest and fees receivable	16.2	25,126,972	5,101,444
Deferred tax assets	21	94,588	60,607
Other assets	16.3	1,887,355	1,725,509
Provision for other assets	16.4	(585,178)	(433,582)
TOTAL ASSETS		290,364,115	188,677,574

Saigon Thuong Tin Commercial Joint Stock Bank

SEPARATE BALANCE SHEET (continued)
as at 31 December 2015

B02/TCTD

	Notes	Ending balance VND million	Beginning balance VND million
LIABILITIES			
Due to and borrowings from other credit institutions		3,673,048	4,489,411
Due to other credit institutions	17.1	1,376,102	1,938,567
Borrowings from other credit institutions	17.2	2,296,946	2,550,844
Due to customers	18	259,427,737	162,533,382
Derivatives and other financial liabilities	10	22,853	-
Grants, entrusted funds and loans exposed to risks	19	1,661,894	875,025
Valuable papers issued		600	600
Other liabilities		3,914,684	2,974,777
Interest and fees payable		3,014,811	1,904,428
Other liabilities	20	899,873	1,070,349
TOTAL LIABILITIES		268,700,816	170,873,195
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		2,247,659	1,803,588
Foreign currency translation reserve		118,046	79,046
Retained earnings		1,130,962	3,330,866
TOTAL OWNERS' EQUITY	22.1	21,663,299	17,804,379
TOTAL LIABILITIES AND OWNERS' EQUITY		290,364,115	188,677,574

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Saigon Thuong Tin Commercial Joint Stock Bank

SEPARATE BALANCE SHEET (continued)
as at 31 December 2015

B02/TCTD

OFF BALANCE SHEET ITEMS

	Notes	Ending balance	Beginning balance
		VND million	VND million
Guarantees for borrowings		32,404	190,294
Commitments on foreign exchange transactions		14,423,048	38,574,959
- Commitments on buying foreign currencies		2,537,450	4,346,830
- Commitments on selling foreign currencies		1,970,586	3,265,376
- Commitments on swap transactions		9,915,012	30,962,753
Letters of credit		6,338,606	7,954,903
Other guarantees		3,837,992	3,242,532
Other commitments		11,271	11,103
	35	24,643,321	49,973,791

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

SEPARATE INCOME STATEMENT
for the year ended 31 December 2015

B03/TCTD

	Notes	Current year VND million	Previous year VND million
Interest and similar income	23	15,436,555	14,921,435
Interest and similar expenses	24	(9,201,103)	(8,597,127)
Net interest and similar income		6,235,452	6,324,308
Fee and commission income		1,453,466	1,194,757
Fee and commission expenses		(453,814)	(366,596)
Net fee and commission income	25	999,652	828,161
Net gain from foreign currencies and gold trading	26	159,060	198,232
Net gain from dealing of held-for-trading securities	27	11,455	183,086
Net (loss)/gain from dealing of investment securities	28	(99,478)	169,024
Other operating income		506,205	188,728
Other operating expenses		(20,638)	(21,221)
Net gain from other operating activities	29	485,567	167,507
Net income from long-term investments	30	77,607	252,337
TOTAL OPERATING INCOME		7,869,315	8,122,655
Personnel expenses		(2,672,702)	(2,437,631)
Depreciation and amortization charges		(301,178)	(271,651)
Other operating expenses		(1,958,818)	(1,610,236)
TOTAL OPERATING EXPENSES	31	(4,932,698)	(4,319,518)
Net operating profit before credit loss expenses		2,936,617	3,803,137
Credit loss expenses	12	(2,238,504)	(952,584)
PROFIT BEFORE TAX		698,113	2,850,553
Current corporate income tax expense	21	(195,653)	(528,257)
Deferred corporate income tax income/(expense)	21	33,981	(43,639)
Total corporate income tax expenses		(161,672)	(571,896)
NET PROFIT AFTER TAX		536,441	2,278,657

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

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2015

B04/TCTD

	Notes	<u>Current year</u> VND million	<u>Previous year</u> VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		15,215,160	13,748,826
Interest and similar payments		(8,857,516)	(8,503,797)
Net fee and commission receipts		948,352	828,161
Net receipts from trading of securities, gold and foreign currencies		139,960	202,063
Receipts from other activities		66,095	76,468
Recoveries from bad debts written-off previously		139,467	6,046
Payments to employees and other operating expenses		(3,954,853)	(3,820,885)
Corporate income tax paid during the year	21	(464,720)	(438,131)
Net cash from operating activities before changes in operating assets and liabilities		3,231,945	2,098,751
Changes in operating assets		(27,151,635)	(23,815,234)
Decrease in due from and loans to other credit institutions		380,837	1,593,271
Increase in investment securities		(4,264,315)	(2,763,067)
Decrease in derivatives and other financial assets		-	31,845
Increase in loans to customers		(22,857,570)	(22,308,515)
Decrease in provisions used for compensation of losses		(43,485)	(50,836)
Increase in other operating assets		(367,102)	(317,932)
Changes in operating liabilities		19,560,247	26,954,125
Decrease in borrowings from the state bank		(1,050,498)	-
Decrease in due to and borrowings from other credit institutions		(804,816)	(1,236,297)
Increase in due to customers		20,492,499	31,106,396
Decrease in valuable papers issued		-	(500,547)
Increase/(decrease) in grants, entrusted funds and loans exposed to risks		786,869	(2,241,494)
Increase in derivatives and other financial liabilities		35,004	-
Increase in other operating liabilities		352,253	27,343
Reverses utilized during the year		(251,064)	(201,276)
Net cash (used in)/from operating activities		(4,359,443)	5,237,642
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase and constructions of fixed assets		(486,441)	(510,485)
Proceeds from disposals of fixed assets		4,679	12,790
Proceeds from disposal of investments in other entities		626	21
Dividends received and profits shared from long-term investments	30	77,607	271,982
Net cash used in investing activities		(403,529)	(225,692)

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Saigon Thuong Tin Commercial Joint Stock Bank

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

B04/TCTD

	Notes	Current year VND million	Previous year VND million
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends distributed to shareholders	22.3	(698)	(35,073)
Cash used in financing activity		(698)	(35,073)
Net cash flows during the year		(4,763,670)	4,976,877
Cash and cash equivalents at beginning of year	32	19,882,602	14,905,725
Cash and cash equivalents from merger of Southern Commercial Joint Stock Bank		2,188,820	-
Cash and cash equivalents from conversion of Laos branch into a subsidiary		(471,795)	-
Cash and cash equivalents at end of year	32	16,835,957	19,882,602

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 SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

B05/TCTD

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 (as at 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 SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

B05/TCTD

1. BANK INFORMATION (continued)

Subsidiaries

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

<i>Subsidiary</i>	<i>Establishment License No.</i>	<i>Nature of business</i>	<i>Ownership</i>
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:

<i>Subsidiary</i>	<i>Establishment License No.</i>	<i>Nature of business</i>	<i>Ownership</i>
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 15,505 employees as at 31 December 2015 (31 December 2014: 11,753 employees).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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2. FISCAL YEAR AND ACCOUNTING CURRENCY

2.1 Fiscal year

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

2.2 Currency unit used in accounting

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

2.3 Purpose of preparing separate financial statements

The Bank has subsidiaries as disclosed in *Note 1* and *Note 14*. It prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically Circular No. 49/2014/TT-NHNN issued by the State Bank of Vietnam on 31 December 2014, Decision No. 16/2007/QD-NHNN issued by the State Bank of Vietnam on 18 April 2007 and Circular No. 155/2015/TT-BTC - Guiding the information disclosure in securities market. In addition, as required by these regulations, the Bank has also prepared the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2015.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Bank and its subsidiaries.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 Statement of compliance

The Board of Management confirms that the accompanying separate 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 separate financial statements.

3.2 Accounting standards and system

The separate financial statements of the Bank 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);

Saigon Thuong Tin Commercial Joint Stock Bank

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

3.2 Accounting standards and system (continued)

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

The accompanying separate financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying separate balance sheet, the separate income statement, the separate cash flow statement and notes to the separate 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 separate financial position and results of separate operations and separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items which are not presented in the separated 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 have 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, 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. These proposals are summarized as follows:

- ▶ Accrued interest receivables: The Bank is permitted to block the some accrued interest receivables of bad debts and doubtful assets in its separate 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).

Saigon Thuong Tin Commercial Joint Stock Bank

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

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3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.4 *Accounting estimates and assumptions*

The preparation of the separate 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.

3.5 *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 separate financial statements have been prepared on the going concern assumption basis.

3.6 *Changes in accounting policies and disclosures*

The accounting policies used by the Bank in preparing these separate financial statements are consistent with those used in preparing the separate 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 is 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.

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.

Saigon Thuong Tin Commercial Joint Stock Bank

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

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3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

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

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's 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.

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

3.7 *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.

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

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4. 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 Loans to customers

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

4.3 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.

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

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Provision for credit losses (continued)

Group		Description
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.
5	Loss	(a) Debts are overdue for a period of more than 360 days; or (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 (c) Debts which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or (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 (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 (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.

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 participates in a syndicated loan as a participant, it classifies such loan (including syndicated loans) into a higher risk group between the Bank's assessment and the leading bank's assessment.

4.4 Loans sold to Vietnam Asset Management Company ("VAMC")

The Bank sells 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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Upon the sale of loans to VAMC, the Bank writes 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 uses annual specific provisions for special bonds to write off such bad. The difference between provision for VAMC bonds and the remaining outstanding balance of loan /bond will be recognized in "Other income" in the separate income statement.

4.5 *Held-for-trading securities*

Held-for-trading securities include debt, equity and other securities acquired by the Bank 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 separate income statement.

Interest earned and dividends received during the holding period of held-for-trading securities are recognized in the separate 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 price 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 separate 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 4.3.

4.6 *Investments in securities*

4.6.1 *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. 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments in securities (continued)

4.6.1 Held-to-maturity securities (continued)

(i) Special bonds issued by VAMC (continued)

Specific provision for VAMC special bonds 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.

In accordance with 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 separate 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, special bonds issued by VAMC, 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 for earning interest and which the Bank has 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 *Investments in securities* (continued)

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

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

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.

In subsequent periods, these securities are continuously stated at face value. The discount/premium (if any) is amortized to the separate 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 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 4.3*. 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 separate income statement in "*Net gain/(loss) from dealing of investment securities*".

4.6.2 *Available-for-sale securities*

Available-for-sale securities include debt and equity securities, which are held by the Bank 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 is 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 separate 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 4.6.1(ii)*.

Saigon Thuong Tin Commercial Joint Stock Bank

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *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 separate financial statements. The corresponding cash paid is recognized in the separate 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 separate 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, special bonds issued by VAMC, bad debts, doubtful assets and equity investments during the restructuring period of the Restructuring Plan (*Note 3.3*).

4.8 *Long-term investments*

4.8.1 *Investment in subsidiaries*

Investment in a subsidiary is an investment in a company that falls into one of the following categories:

- ▶ A credit institution or a credit institution and its related parties owns more than 50% of charter capital or more than 50% of voting stock;
- ▶ Credit institutions have the right to directly or indirectly appoint majority or all members of management, the Board of Members or General Director (Director) of the subsidiary;
- ▶ Credit institutions have the right to amend and supplement the charter of the subsidiary;
- ▶ Credit institutions and related parties of the credit institution directly or indirectly control the adoption of the resolutions and decisions of the General Assembly of Shareholders, the Board of Directors and the Board of Members of the subsidiary.

Investments in subsidiaries are recorded at cost less provision for diminution in value of investments.

4.8.2 *Other 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.

Saigon Thuong Tin Commercial Joint Stock Bank

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

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 *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 separate 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 separate income statement.

4.10 *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 separate 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 separate income statement.

4.11 *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.

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

4.12 *Depreciation and amortization*

Depreciation and amortization of tangible and intangible fixed assets are 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

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

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Receivables

4.13.1 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 as presented in Note 4.3.

4.13.2 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%

4.14 Prepaid expenses

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

4.15 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.

4.16 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.

4.17 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.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 *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.

4.19 *Income and expense recognition*

Interest income and expenses are recognized in the separate 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, special bonds issued by VAMC, bad debts, doubtful assets and investment securities during the restructuring period of the Restructuring Plan (*Note 3.3*). Suspended interest income is reversed and monitored off-balance-sheet and recognized in the separate income statement upon actual receipt.

Fee and commissions are recognized in the separate 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 separate 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 separate income statement.

4.20 *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 balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 31 December 2015 in *Note 46*). 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 separate income statement.

Saigon Thuong Tin Commercial Joint Stock Bank

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

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Corporate income tax

4.21.1 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 separate balance sheet date.

Current income tax is charged or credited to the separate 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 to set off current tax assets against current tax liabilities and when the Bank intend to settle its current tax assets and liabilities on a net basis.

The Bank's 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 separate financial statements could be changed at a later date upon final determination by the taxation authorities.

4.21.2 Deferred corporate income tax

Deferred tax is provided using the liability method on temporary differences at the separate 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.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 *Corporate income tax* (continued)

4.21.2 *Deferred corporate income tax* (continued)

The carrying amount of deferred income tax assets is reviewed at each separate 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 separate 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 separate balance sheet date.

Deferred tax is charged or credited to the separate 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 is only allowed to offset deferred income tax assets and deferred income tax payable when the Bank has 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 intends to settle its current tax liabilities and assets on a net basis.

4.22 *Fiduciary assets*

Entrusted operations that the Bank bears no risks

The Bank provides 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 separate financial statements since they are not assets of the Bank.

Entrusted operations that the Bank bears all risks

The Bank receives entrusted funds from the trustor in order to grant loans to borrowers. The Bank records 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 4.2* and *Note 4.3*.

4.23 *Off-balance-sheet commitments*

According to Circular 02 and Circular 09, the Bank classifies 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.

Saigon Thuong Tin Commercial Joint Stock Bank

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

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 *Derivatives*

Currency forward and swap contracts

The Bank enters 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's 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 separate 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 separate 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 separate income statement.

4.25 *Offsetting*

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

4.26 *Employee benefits*

4.26.1 *Post-employment benefits*

Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency, which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank is 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 has no further obligation.

4.26.2 *Voluntary resignation benefits*

The Bank has 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.

4.26.3 *Unemployment insurance*

According to the current regulations on unemployment insurance, the Bank is 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.

Saigon Thuong Tin Commercial Joint Stock Bank

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

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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 in par value to swap PNB shares (see the increase in the Bank's charter capital in Note 22), distributed to the shareholders of the parties in the merger as follows:

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

6. CASH AND GOLD

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Cash on hand in VND	4,096,551	2,987,464
Cash on hand in foreign currencies	2,060,520	1,306,940
Gold	245,128	388,249
Value paper in foreign currencies	45	112
	6,402,244	4,682,765

7. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Balances with the SBV		
- In VND	5,830,835	3,146,938
- In foreign currencies	963,335	586,586
Balances with Bank of the Lao PDR	-	306,994
	6,794,170	4,040,518

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.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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B05/TCTD

7. BALANCES WITH THE STATE BANK OF VIETNAM (continued)

The compulsory deposit rates are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
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:

	<u>Ending balance</u>	<u>Beginning balance</u>
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%

8. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS

8.1 Due from other credit institutions

	<u>Ending balance</u> VND million	<u>Beginning balance</u> VND million
Demand deposits	3,095,643	2,102,793
In VND	39,867	51,433
In foreign currencies	3,055,776	2,051,360
Term deposits	543,900	1,490,551
In VND	325,000	1,430,000
In foreign currencies	218,900	60,551
	<u>3,639,543</u>	<u>3,593,344</u>

Interest rates per year of deposits with other credit institutions are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Demand deposits in VND	0.00%	0.00%
Demand deposits in foreign currencies	0.00%	0.00%
Term deposits in VND	5.20% - 5.30%	3.50% - 4.60%
Term deposits in foreign currencies	0.80% - 1.00%	1.50% - 2.95%

8.2 Loans to other credit institutions

	<u>Ending balance</u> VND million	<u>Beginning balance</u> VND million
In VND	850,552	1,265,380
In foreign currencies	133,529	99,538
	984,081	1,364,918
Provision for credit losses (Note 12.1)	(552)	-
	<u>983,529</u>	<u>1,364,918</u>

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE 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 (continued)

8.2 *Loans to other credit institutions* (continued)

Interest rates per year of loans to other credit institutions are as follows:

	<i>Ending balance</i>	<i>Beginning balance</i>
In VND	4.10% - 5.30%	3.15% - 5.10%
In foreign currencies	1.50% - 2.10%	2.00% - 2.78%

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> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Current	1,527,429	2,854,917
<i>Term deposits with other credit institutions</i>	543,900	1,490,551
<i>Loans to other credit institutions</i>	983,529	1,364,366
Loss	552	552
<i>Loan to other credit institution</i>	552	552
	1,527,981	2,855,469

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.

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	-	5,815,315
Bills issued by the State Treasury	-	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

Saigon Thuong Tin Commercial Joint Stock Bank

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

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 27)	(19,580)	(176,783)
Ending balance	29,507	49,087

10. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	<i>Nominal amount</i> <i>(using the</i> <i>exchange rate at</i> <i>the effective date)</i> <i>VND million</i>	<i>Carrying value</i> <i>(using the exchange rate</i> <i>at the balance sheet date)</i>	
		<i>Assets</i> <i>VND million</i>	<i>Liabilities</i> <i>VND million</i>
Currency derivative financial instruments as at 31 December 2015			
Forward	838,270	15,100	-
Swap	4,535,596	-	37,953
	<u>5,373,866</u>	<u>15,100</u>	<u>37,953</u>
Net value			22,853
Currency derivative financial instruments as at 31 December 2014			
Forward	1,149,213	-	13,730
Swap	15,357,033	25,881	-
	<u>16,506,246</u>	<u>25,881</u>	<u>13,730</u>
Net value		12,151	
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			(4,911)

11. LOANS TO CUSTOMERS

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Loans to domestic economic entities and individuals	179,034,939	122,032,496
Loans from grants, entrusted funds	1,400,664	1,073,481
Loans from discount of commercial and valuable papers	157,267	-
Loans to foreign economic entities and individuals	-	1,469,880
	180,592,870	124,575,857

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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11. LOANS TO CUSTOMERS (continued)

11.1 Analysis of loans by quality

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Current	168,853,563	122,596,836
Special mention	1,030,056	491,322
Sub-standard	1,770,663	94,946
Doubtful	1,118,290	412,249
Loss	7,820,298	980,504
	180,592,870	124,575,857

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

Provision for loans to customers is made based on the Bank's financial capacity during the restructuring period of the Restructuring Plan (Note 3.3).

11.2 Analysis of loans by original term

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Short-term loans	66,764,724	52,551,747
Medium-term loans	83,303,514	50,221,342
Long-term loans	30,524,632	21,802,768
	180,592,870	124,575,857

11.3 Analysis of loans 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	92,370,826	51.14	68,393,865	54.90
Limited companies	47,515,146	26.31	33,648,166	26.99
Other joint stock companies	36,431,300	20.17	27,320,530	21.93
Private companies	4,801,354	2.66	3,880,602	3.12
State-owned joint-stock companies	1,157,123	0.64	1,379,677	1.11
State-owned limited companies	857,081	0.47	929,037	0.75
Foreign-invested companies	553,315	0.31	481,254	0.39
State-owned enterprises	314,738	0.17	319,314	0.26
Co-operatives	109,048	0.06	163,046	0.13
Others	631,721	0.35	272,239	0.22
Loans to individuals	88,222,044	48.86	56,181,992	45.10
	180,592,870	100.00	124,575,857	100.00

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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11. LOANS TO CUSTOMERS (continued)

11.4 Analysis of loans by economic sectors

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Real estate trading and consulting services	38,666,117	21.41	22,731,165	18.25
Trading, repair of motor vehicles, motorcycles and other vehicles	29,931,691	16.57	16,283,990	13.07
Construction	20,753,908	11.49	15,449,992	12.40
Manufacturing and processing	18,838,068	10.43	17,876,604	14.35
International organization and unions activities	15,041,583	8.33	10,178,287	8.17
Agriculture, forestry and fisheries	14,540,371	8.05	12,082,208	9.70
Household work, production and consumer service	7,122,280	3.94	6,997,022	5.62
Education and training	4,880,696	2.70	4,620,480	3.71
Transportation, warehousing and communication	3,186,375	1.76	3,342,748	2.68
Restaurants and hotels	2,973,517	1.65	1,189,960	0.96
Finance, banking and insurance	1,816,909	1.01	8,616,545	6.92
Electricity, gas and water supply and distribution	1,667,826	0.92	1,549,132	1.24
Health and social support activities	1,643,420	0.91	1,639,720	1.32
Administrative activities and supporting service	641,702	0.36	479,102	0.37
Mining exploration	418,863	0.23	423,243	0.34
Specialized, science and technology activities	113,889	0.06	96,657	0.08
Recreational, cultural and sporting activities	60,519	0.03	49,594	0.04
Others	18,295,136	10.15	969,408	0.78
	180,592,870	100.00	124,575,857	100.00

11.5 Analysis of loans by currency

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
In VND	172,702,029	95.63	115,281,452	92.54
In foreign currencies and gold	7,890,841	4.37	9,294,405	7.46
	180,592,870	100.00	124,575,857	100.00

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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12. PROVISION FOR CREDIT LOSSES

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

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

	<i>Notes</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Provision for credit losses of due from and loans to other credit institutions	12.1	552	-
Provision for credit losses of loans to customers	12.2	2,165,447	1,306,398
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
		3,695,051	1,546,244

Provision expenses for the year comprised of:

	<i>Notes</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
Provision for due from and loans to other credit institutions	12.1	552	(14,311)
Provision for loans to customers	12.2	924,832	678,475
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)
		2,238,504	952,584

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 are as follows:

<i>Classification</i>	<i>Balance VND million</i>	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Current	5,840,096	-	-	-
Loss	552	552	-	552
	5,840,648	552	-	552

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

	<i>Current year VND million</i>	<i>Previous year VND million</i>
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 to customers

Results of the loan classification as at 30 November 2015 and the corresponding provision for credit losses of loans to customers made by the Bank 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	177,047,216	-	1,327,854	1,327,854
Special mention	3,191,358	56,652	23,935	80,587
Sub-standard	340,716	31,864	2,555	34,419
Doubtful	243,699	69,171	1,828	70,999
Loss	3,823,644	1,278,850	-	1,278,850
	184,646,633	1,436,537	1,356,172	2,792,709

Changes in provision for credit losses of loans 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	390,721	915,677	1,306,398
Increase from the merger of Southern Commercial Joint Stock Bank	486,473	318,442	804,915
Provision charged for the period	820,445	129,377	949,822
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)
Decrease from the conversion of Lao branch into a subsidiary	(665)	(7,324)	(7,989)
Balance as at 30 November 2015	1,436,537	1,356,172	2,792,709
Provision reversed in December	-	(24,990)	(24,990)
Provision used to resolve debts in December	(9,147)	-	(9,147)
Provision used to resolve debts sold to VAMC in December	(593,125)	-	(593,125)
Ending balance	834,265	1,331,182	2,165,447

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12. PROVISION FOR CREDIT LOSSES (continued)

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

Changes in provision for credit losses of loans 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	533,133	780,760	1,313,893
Provision charged for the period	544,180	134,431	678,611
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)
Foreign exchange differences	-	(61)	(61)
Balance as at 30 November 2014	519,086	915,130	1,434,216
Provision (reversed)/charged in December	(616)	480	(136)
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	30	67	97
Ending balance	390,721	915,677	1,306,398

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 (Note 13.4)	1,170,113	232,346
Provision used to resolve debts during the year (Note 13.4)	(23,914)	-
Ending balance	1,378,545	232,346

Saigon Thuong Tin Commercial Joint Stock Bank

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

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
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
	<u>25,108,656</u>	<u>20,250,274</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>39,677,509</u>	<u>25,924,909</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 34.2). 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% 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 34.2).
- (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 represents a 5-year corporate bonds which bears interest rate of 9.28% per annum, maturing on 30 December 2018.

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NOTES TO THE SEPARATE 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 (5) 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	<u>(326,129)</u>	<u>(42,593)</u>
Ending balance	<u>14,142,479</u>	<u>4,935,128</u>

During the year, the Bank sold some debts to VAMC amounting to VND8,462,167 million and used a corresponding provision for credit losses amounting to 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	412,284	101,380
Listed	75,623	25,713
Unlisted	<u>336,661</u>	<u>75,667</u>
	<u>25,108,656</u>	<u>20,250,274</u>

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	<u>15,142,479</u>	<u>5,935,128</u>
	<u>16,148,253</u>	<u>5,935,128</u>

Saigon Thuong Tin Commercial Joint Stock Bank

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

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13. INVESTMENT SECURITIES (continued)

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

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

13.4 Provision for investment securities

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

	<u>Current year VND million</u>	<u>Previous year VND million</u>
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 28)	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 Investments in subsidiaries

	Ending balance		Beginning balance	
	Cost VND million	Ownership %	Cost VND million	Ownership %
Sacombank (Lao) Plc.	819,000	100	-	-
Sacombank Asset Management Co., Ltd.,	800,000	100	500,000	100
Sacombank (Cambodia) Plc.	783,294	100	783,294	100
Sacombank Leasing Co., Ltd.,	300,000	100	300,000	100
Sacombank Jewelry Co., Ltd.,	250,000	100	250,000	100
Sacombank Remittance Express Co., Ltd.,	15,000	100	15,000	100
Total	2,967,294		1,848,294	
Provision for investments in subsidiaries	(106,796)		(81,648)	
	2,860,498		1,766,646	

14.2 Other long-term investments

	Ending balance VND million	Beginning balance VND million
Investments in other credit institutions	1,634	1,634
Unlisted	1,634	1,634
Investments in economic entities	855,002	399,115
Listed	455,762	-
Unlisted	399,240	399,115
Total	856,636	400,749
Provision for other long-term investments	(297,797)	(136,236)
	558,839	264,513

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 pending resolution to reduce the ownership rate to under 11% in accordance with the regulations of the SBV.

14.3 Provision for long-term investments

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

	Current year VND million	Previous year VND million
Beginning balance	217,884	199,717
Provision charged in the year (Note 30 and Note 31)	186,709	18,167
Ending balance	404,593	217,884

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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	2,033,522	1,019,980	375,694	108,292	3,537,488
Newly purchase	2,641	32,647	37,885	23,190	96,363
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	1,527,602	86,310	92,637	13,063	1,719,612
Disposals	-	(2,859)	(11,617)	(995)	(15,471)
Transfer to tools and equipment	-	(118)	-	(32)	(150)
Decrease from the conversion of Lao branch into a subsidiary	(302,711)	-	(5,668)	(12,972)	(321,351)
Ending balance	<u>3,603,431</u>	<u>1,276,770</u>	<u>516,437</u>	<u>139,155</u>	<u>5,535,793</u>
Accumulated depreciation					
Beginning balance	198,377	530,943	139,656	47,754	916,730
Charge for the year	60,807	104,301	33,110	9,941	208,159
Charge from Science and Technology Development Funds	-	3,892	-	-	3,892
Increase from the merger of Southern Commercial Joint Stock Bank	280,884	76,340	67,724	10,783	435,731
Disposals	-	(1,974)	(3,090)	(630)	(5,694)
Transfer to tools and equipment	-	(119)	-	(31)	(150)
Decrease from the conversion of Lao branch into a subsidiary	(35,778)	-	(2,560)	(10,925)	(49,263)
Ending balance	<u>504,290</u>	<u>713,383</u>	<u>234,840</u>	<u>56,892</u>	<u>1,509,405</u>
Net book value					
Beginning balance	<u>1,835,145</u>	<u>489,037</u>	<u>236,038</u>	<u>60,538</u>	<u>2,620,758</u>
Ending balance	<u>3,099,141</u>	<u>563,387</u>	<u>281,597</u>	<u>82,263</u>	<u>4,026,388</u>

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15. FIXED ASSETS (continued)

15.1 *Tangible fixed assets* (continued)

Included in machinery and equipment balance are 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 Science and Technology Development Funds.

Other information on tangible fixed assets:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
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	149,544	55,727

15.2 *Intangible fixed assets*

	<i>Land use rights</i> VND million	<i>Computer software</i> VND million	<i>Total</i> VND million
Cost			
Beginning balance	2,193,983	543,118	2,737,101
Newly purchase	-	7,265	7,265
Transfer from purchases of fixed assets, work in progress (Note 16.1)	167,916	121,179	289,095
Upgrade	-	115	115
Increase from the merger of Southern Commercial Joint Stock Bank	312,893	53,411	366,304
Decrease from the conversion of Lao branch into a subsidiary	(29,045)	(4,970)	(34,015)
Transfer from foreclosed assets	538,401	-	538,401
Disposals	-	(33)	(33)
Transfer to tools and equipment	(18)	-	(18)
Ending balance	<u>3,184,130</u>	<u>720,085</u>	<u>3,904,215</u>
Accumulated amortization			
Beginning balance	77,351	397,363	474,714
Charge for the year	20,367	72,652	93,019
Increase from the merger of Southern Commercial Joint Stock Bank	-	51,500	51,500
Decrease from the conversion of Lao branch into a subsidiary	-	(4,714)	(4,714)
Disposals	-	(27)	(27)
Ending balance	<u>97,718</u>	<u>516,774</u>	<u>614,492</u>
Net book value			
Beginning balance	<u>2,116,632</u>	<u>145,755</u>	<u>2,262,387</u>
Ending balance	<u>3,086,412</u>	<u>203,311</u>	<u>3,289,723</u>

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15. FIXED ASSETS (continued)

15.2 Intangible fixed assets (continued)

Other information on intangible fixed assets:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
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	339,186	168,788

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)	400,051	660,435
Other receivables (b)	16,685,127	4,077,452
	17,085,178	4,737,887

(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	443,668
Increase in the year	377,954	449,008
Increase from the merger of Southern Commercial Joint Stock Bank	126,981	-
Transfer to tangible fixed assets (Note 15.1)	(468,159)	(139,228)
Transfer to intangible fixed assets (Note 15.2)	(289,095)	(80,309)
Transfer to allocation and operation expense	(2,432)	(3,101)
Other decreases	(5,633)	(9,603)
Ending balance	400,051	660,435

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16. OTHER ASSETS (continued)

16.1 Receivables (continued)

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	204,542	88,299
	400,051	660,435

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

(b) Other receivables include:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Internal receivables	1,249,159	749,534
Advances for operations (i)	1,007,087	729,391
Advance for construction of FICO building (ii)	216,693	-
Others	25,379	20,143
External receivables	15,435,968	3,327,918
Foreclosed assets (iii)	8,537,949	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	-
Corporate income tax advance (Note 21)	226,774	-
Receivables from sale of partial FICO building (vii)	158,204	-
Receivables from card organizations	119,457	78,751
Receivables from deposits for office rent	97,015	115,758
Receivables from Lao branch's profit (viii)	86,478	-
Receivables from foreign exchange settlements	70,048	128,818
Receivables from investment in Southern Jewelry Joint Stock Company (ix)	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	170,364	176,809
	16,685,127	4,077,452

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16. OTHER ASSETS (continued)

16.1 *Receivables* (continued)

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 of the 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.
- (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 is the accumulated profit of the Lao branch before being transformed into a subsidiary. This profit will be transferred to the Bank after being approved by the Bank of Lao.
- (ix) 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.

Saigon Thuong Tin Commercial Joint Stock Bank

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

16.2 Interest and fees receivable

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Interest from loans to customers (i)	22,661,106	3,890,319
Interest from investments (ii)	2,385,564	1,157,602
Interest from trust investment (iii)	51,612	-
Receivables from swap contracts	19,118	27,400
Interest from deposits at and loans to other credit institutions	8,855	6,884
Receivables from forward contracts	717	6,210
Receivables from option contracts	-	13,029
	25,126,972	5,101,444

- (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 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 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).

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>		
- Real estate	917,284	804,226
- Securities	200,525	202,897
- Fund certificates	6,000	6,000
- Others	10,909	10,909
Prepaid expense (ii)	648,959	685,487
Receivables from trust investments (iii)	90,000	-
Collection and payment on be-haft between credit institutions	4,426	3,867
Other assets	9,252	12,123
	1,887,355	1,725,509

- (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 and is in progress to resolve these foreclosed assets in accordance with regulations stipulated by the SBV.

Saigon Thuong Tin Commercial Joint Stock Bank

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

16.3 Other assets (continued)

- (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).

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 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	442,171	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>	149,155	219,643
	585,178	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 in the year	151,596	128,178
Ending balance	585,178	433,582

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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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	1,376,102	779,050
In VND	339,136	247,449
In foreign currencies	1,036,966	531,601
Term deposits	-	1,159,517
In VND	-	3,000
In foreign currencies	-	1,156,517
	1,376,102	1,938,567

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>	-
	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	33,070,877	24,359,165
Demand deposits in VND	29,890,831	22,309,217
Demand deposits in foreign currencies	2,557,279	1,677,377
Demand savings in VND	160,592	134,574
Demand savings in foreign currencies	462,175	237,997
Term deposits	225,737,728	137,448,284
Term deposits in VND	14,694,738	12,634,348
Term deposits in foreign currencies	502,405	1,159,484
Term savings in VND	201,704,040	118,182,084
Term savings in foreign currencies	8,836,545	5,472,368
Margin deposits	343,286	549,975
In VND	230,693	56,420
In foreign currencies	112,593	493,555
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	189,664	157,318
In VND	185,281	148,838
In foreign currencies	4,383	8,480
	259,427,737	162,533,382

Saigon Thuong Tin Commercial Joint Stock Bank

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

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18. DUE TO CUSTOMERS (continued)

18.2 Breakdown by customer and type of business

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Deposits from economic entities	30,718,363	25,009,212
Private enterprises and others	21,930,778	16,386,185
State-owned enterprises	6,896,316	6,715,562
Foreign-invested enterprises	1,891,269	1,907,465
Deposits from individuals	227,397,728	136,467,632
Deposits from other entities	1,311,646	1,056,538
	<u>259,427,737</u>	<u>162,533,382</u>

19. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
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	9,533	28,598
Rabobank Foundation	2,830	-
IFC (v)	-	156,250
	<u>1,661,894</u>	<u>875,025</u>

- (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 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 SEPARATE FINANCIAL STATEMENTS (continued)
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20. OTHER LIABILITIES

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Payables for internal activities	86,478	354,838
Bonus and welfare funds	73,765	51,476
Payables to employee	590	284,782
Termination allowance	-	4,911
Other payables	12,123	13,669
Payables for external activities	813,395	715,511
Payables for card operations	230,704	136,825
Deposit for purchase foreclosed assets	105,695	50,000
Payables to customers	78,183	56,710
Tax payables to the State Budget (Note 21)	69,117	84,042
Unearned income	35,201	86,502
Payables pending for payment	23,383	13,017
Science and Technology Development Funds	19,625	23,517
Dividend payables (Note 22.3)	10,774	7,088
Others	240,713	257,810
	899,873	1,070,349

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

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Beginning balance	51,476	-
Reclassify in the year	-	62,041
Increase from the merger of Southern Commercial Joint Stock Bank	525	-
Profit appropriation for the fund during the year (Note 22.1)	272,755	-
Others	73	-
Utilization	(251,064)	(10,565)
Ending balance	73,765	51,476

21. STATUTORY OBLIGATIONS

	<i>Movement during the year</i>				<i>Ending balance</i> <i>VND million</i>
	<i>Beginning balance</i> <i>VND million</i>	<i>Payable</i> <i>VND million</i>	<i>Paid</i> <i>VND million</i>	<i>Other adjustment</i> <i>VND million</i>	
Value added tax	17,125	169,088	(184,088)	18,804	20,929
Corporate income tax	29,221	195,653	(464,720)	13,072	(226,774)
Other tax	37,696	241,886	(231,430)	36	48,188
	84,042	606,627	(880,238)	31,912	(157,657)

In which:

Tax payables to the State Budget (Note 20)	84,042	69,117
Tax advance (Note 16.1)	-	(226,774)

Saigon Thuong Tin Commercial Joint Stock Bank

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

Corporate income tax ("CIT")

The Bank has the obligation to pay CIT at the rate of 22% of taxable profit for the current year (previous year: 22%).

The Bank's 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 separate financial statements could be changed at a later date upon final determination by the taxation authorities.

CIT expense in the year comprises of:

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Current tax expense	188,744	528,257
Adjustment for under accrual of tax from prior years	6,909	-
Deferred tax (income)/expense	(33,981)	43,639
	161,672	571,896

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 separate income statement since it excludes taxable income or deductible expenses in prior years due to the differences between the Bank's 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.

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	698,113	2,850,553
At applied CIT rate (22%)	153,585	627,122
<i>Adjustments to increase:</i>		
Provision expenses for other assets	56,980	-
Unrealized foreign exchange loss for the current year	16,361	5,740
Other non-deductible expenses	4,740	1,111
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	(37,331)	(61,976)
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	188,595	527,562
Tax expense for land use rights transfer	149	695
	188,744	528,257
Additional tax paid from 2013 and 2014	6,909	-
Current CIT expense for the year	195,653	528,257

Saigon Thuong Tin Commercial Joint Stock Bank

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

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21. STATUTORY OBLIGATIONS (continued)

Corporate income tax ("CIT") (continued)

Deferred corporate income tax

Changes in deferred CIT and its effects on the separate income statement of the Bank are presented as follows:

	<i>Separate balance sheet</i>		<i>Separate income statement</i>	
	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
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		
Net deferred corporate income tax income/(expense) credit/(charged) to separate income statement			33,981	(43,639)

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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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	Developme nt 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	Total VND million
Beginning balance	12,425,116	795	1,671,693	(1,506,878)	153	83,263	1,022,922	697,403	79,046	3,330,866	17,804,379
Net profit for the year	-	-	-	-	-	-	-	-	-	536,441	536,441
Increase from the merger of Southern Commercial Joint Stock Bank	4,000,000	326	41,309	(750,911)	500	216	118,394	7,776	-	151,896	3,569,506
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	-	-	-	-	-	-	216,472	113,933	-	(330,405)	-
Utilization of reserves	-	-	-	-	-	-	(63)	-	-	-	(63)
Foreign exchange differences from the conversion of Lao branch into a subsidiary	-	-	-	-	-	-	-	-	39,000	-	39,000
Conversion of Lao branch into a subsidiary	-	-	-	-	-	-	(12,657)	-	-	-	(12,657)
Appropriation to bonus and welfare fund (Note 20)	-	-	-	-	-	-	-	-	-	(272,755)	(272,755)
Other	-	-	-	-	-	-	-	-	-	(58)	(58)
Ending balance	18,852,157	1,121	63,612	(750,911)	653	83,479	1,345,068	819,112	118,046	1,130,962	21,663,299

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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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 due from the merger of Southern Commercial Joint Stock Bank.

Details of shares issued by the Bank are as follows:

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

	<i>Current year</i> VND million	<i>Previous year</i> VND million
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

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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23. 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	12,996,412	12,339,094
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	184,592	132,236
Income from guarantees	161,108	142,478
Income from other credit activities	136,646	145,117
	15,436,555	14,921,435

24. INTEREST AND SIMILAR EXPENSES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Interest expense on deposits	8,878,976	8,174,888
Interest expense on borrowings	162,434	293,117
Interest expense on valuable papers	7	493
Interest expense from other credit activities	159,686	128,629
	9,201,103	8,597,127

25. NET FEE AND COMMISSION INCOME

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Fees and commission income	1,453,466	1,194,757
Income from settlement services	539,613	491,012
Income from treasury services	265,743	214,197
Income from other services	648,110	489,548
Fees and commission expenses	(453,814)	(366,596)
Expense from settlement services	(206,078)	(149,757)
Expense from postal and communication	(119,913)	(96,186)
Expense from brokerage services	(61,595)	(60,008)
Expense from treasury services	(30,854)	(32,966)
Other services	(35,374)	(27,679)
	999,652	828,161

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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26. 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	1,469,661	754,240
Income from currency derivatives	1,171,681	480,707
Income from spot foreign exchange	269,125	245,463
Income from gold trading	28,855	28,070
Expense from foreign exchange	(1,310,601)	(556,008)
Expense from currency derivatives	(1,139,822)	(455,903)
Expense from spot foreign exchange	(70,032)	(57,936)
Expense from gold trading	(26,377)	(16,080)
Loss from revaluation of foreign currencies, gold and financial instruments	(74,370)	(26,089)
	159,060	198,232

27. 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
Expense 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

28. 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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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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29. 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	506,205	188,728
Income from recovery of written-off bad debts and special bonds issued by VAMC (i)	424,576	6,046
Income from warehouse management	35,204	19,604
Income from disposals of fixed assets	-	12,790
Income from reversal of accrued Head Office rental expenses (ii)	-	84,245
Dividends from foreclosed securities	-	2,372
Income from cash surplus from ATM	-	5,458
Other income	46,425	58,213
Other operating expenses	(20,638)	(21,221)
Expense from disposals of fixed assets	(5,104)	(12,042)
Other expenses	(15,534)	(9,179)
	485,567	167,507

(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 company. 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.

30. 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	77,607	271,982
- From held-for-trading securities	2,764	30,383
- From investment securities	2,155	4,608
- From subsidiaries	65,249	223,829
- From other long-term investment	7,439	13,162
Loss from disposal of long-term investments	-	(1,478)
Provision charged of provision for impairment of long-term investments (Note 14.3)	-	(18,167)
	77,607	252,337

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31. OPERATING EXPENSES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Taxes and other fees	72,632	73,371
Personnel expenses	2,672,702	2,437,631
<i>In which:</i>		
<i>Salary and allowances</i>	<i>2,416,409</i>	<i>2,243,270</i>
<i>Salary-related allowances</i>	<i>206,865</i>	<i>175,838</i>
<i>Allowances</i>	<i>29,622</i>	<i>2,539</i>
<i>Uniform allowances</i>	<i>19,806</i>	<i>15,984</i>
Asset expenditures	1,086,620	999,588
<i>In which:</i>		
<i>Depreciation and amortization charged</i> <i>(Note 15.1 and 15.2)</i>	<i>301,178</i>	<i>271,651</i>
Other operating expenses	672,896	637,757
<i>In which:</i>		
<i>Business trip expenses</i>	<i>30,279</i>	<i>35,053</i>
Insurance expenses for customer deposits	232,550	171,171
Provision expenses for long-term investment <i>(Note 14.3)</i>	186,709	-
Provision expenses for other assets	8,589	-
	4,932,698	4,319,518

32. CASH AND CASH EQUIVALENTS

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

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Cash and cash equivalents	6,402,244	4,682,765
Balances with the State Bank of Vietnam	6,794,170	4,040,518
Demand deposits with other credit institutions	3,095,643	2,102,793
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
	16,835,957	19,882,602

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32. CASH AND CASH EQUIVALENTS (continued)

Additional information on material non-monetary transactions eliminated from the separate 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	-
Conversion of Lao branch into a subsidiary	(471,795)	-
<i>In which:</i>		
- Adjustment to decrease total assets from the conversion of Lao branch	858,607	-
- Adjustment to decrease total liabilities from the conversion of Lao branch	(1,243,386)	-
- Adjustment to decrease owners' equity from the conversion of Lao branch	(87,016)	-

33. EMPLOYEES' INCOME

	<u>Current year</u>	<u>Previous year</u>
I. Total average number of employees (persons)	<u>12,976</u>	<u>11,169</u>
II. Employees' income (VND million)		
1. Total salary and advances	2,177,277	1,887,270
2. Other income	751,937	288,571
3. Total income (1+2)	<u>2,929,214</u>	<u>2,175,841</u>
4. Average salary per month (VND/person)	<u>13,982,718</u>	<u>14,081,162</u>
5. Average income per month (VND/person)	<u>18,811,742</u>	<u>16,234,227</u>

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34. COLLATERALS AND MORTGAGES

34.1 *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	250,985,917	175,553,920
Valuable papers	27,912,115	18,697,328
Transportation vehicles	13,173,365	8,259,611
Inventories	4,277,581	4,238,733
Machines and equipment	2,857,072	2,824,737
Other assets	10,104,765	9,983,348
	309,310,815	219,557,677

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

Details of assets and valuable papers of the Bank 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 (Note 13)	1,094,557	2,806,707
Bonds issued by other local credit institutions (Note 13)	161,145	151,466
	1,255,702	2,958,173

35. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is a party 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 out of the items recognized in the separate 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 to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, performing 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 to its customer who 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 as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfil the guarantor obligation.

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35. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Guarantee commitment is the commitment issued by the Bank 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 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 as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfill the guarantor obligation.

The Bank 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.

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 2 (two) 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	6,623,319	8,456,342
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	3,895,672	3,290,959
Other commitments	11,271	11,103
	<u>24,985,714</u>	<u>50,523,657</u>
Less: Margin deposits	(342,393)	(549,866)
Contingent liabilities and commitments	<u>24,643,321</u>	<u>49,973,791</u>

Result of the loan classification as required by Circular 02, Circular 09 and the Bank's policy on loan classification and provision is as follows:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Current loans	10,562,666	11,948,698
<i>In which:</i>		
- <i>Letters of credit</i>	6,623,319	8,456,342
- <i>Guarantees for borrowings</i>	32,404	190,294
- <i>Other guarantees</i>	3,895,672	3,290,959
- <i>Other commitments</i>	11,271	11,103

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36. RELATED PARTY TRANSACTIONS

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

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - ▶ controls is controlled by, or is under common control with the Bank (including parents and subsidiaries);
 - ▶ has an interest (owning 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence over the Bank;
 - ▶ has joint control over the Bank;
- (b) The party is a joint venture in which the Bank 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 is a member of the key management personnel of the Bank;
- (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>
Subsidiaries	Interest income from loans/deposits	33,491	28,295
	Interest expenses on borrowings/deposits	(17,779)	(31,589)
	Fees and commission income	7,423	28,363
	Fees and commission expenses	(5,938)	(4,384)
	Income from foreign currencies trading	155	478
	Expenses from foreign currencies trading	(770)	-
	Dividend income	65,249	223,829
	Other income	35,235	-
	Other expense	(61,487)	-
	Key management of the Bank	Interest income from loans	146
Interest expenses on deposits		(3,981)	(4,145)
Post-tax remuneration of members of the Board of Directors and Board of Supervision		(24,600)	(33,438)
Post-tax income of members of the Board of Management		(61,799)	(62,667)
Related parties to key management of the Bank	Interest income from deposits/loans	12,607	2,613
	Interest expenses on borrowings/deposits	(3,840)	(4,595)
Main shareholders (own more than 5% of the Bank's charter capital)	Interest expenses on deposits/loans	-	2,803
	Income from foreign currencies trading	3,269	12,251
	Expenses from foreign currencies trading	(20,345)	-
Related parties to main shareholders	Interest income from loans	2,841	8,511
	Interest expenses on deposits	(2,081)	(2,505)

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36. RELATED PARTY TRANSACTIONS (continued)

Receivables and payables with related parties as at the year-end are as follows:

<i>Related party</i>	<i>Transactions</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Subsidiary	Due from subsidiary which is a credit institution	1,492,588	825,527
	Loans	985,523	629,538
	Deposits	(2,021,795)	(1,210,715)
	Other receivables	260,058	221,072
	Other payables	(8,006)	(2,850)
Key management of the Bank	Loans	399,422	50,830
	Deposits	(113,321)	(117,023)
	Other receivables	238,086	-
Related parties to key management of the Bank	Loans	3,751	45,962
	Deposits	(79,290)	(63,596)
Related parties to main shareholders	Loans	-	131,701
	Deposits	(88,532)	(98,685)

37. 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	1,872,510	2,751,114	4,623,624
Loans to customers - gross	180,592,870	-	180,592,870
Held-for-trading and investment securities - gross	41,381,750	-	41,381,750
Long-term investments - gross	2,221,636	1,602,294	3,823,930
Liabilities as at 31 December 2015			
Due to and borrowings from other credit institutions	1,794,393	1,878,655	3,673,048
Due to customers	259,220,068	207,669	259,427,737
Derivatives and other financial liabilities (Nominal amount)	3,860,958	1,512,908	5,373,866
Grants, entrusted funds and loans exposed to risks	332,763	1,329,131	1,661,894
Valuable papers issued	600	-	600
Off-balance-sheet commitments as at 31 December 2015			
	17,965,852	6,677,469	24,643,321

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38. SEGMENT REPORT

38.1 Main segment report: by geographical region

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

	<i>South VND million</i>	<i>North VND million</i>	<i>Central VND million</i>	<i>Total segment reported VND million</i>	<i>Eliminations VND million</i>	<i>Total VND million</i>
Interest and similar income	16,930,517	2,653,547	2,804,845	22,388,909	(6,952,354)	15,436,555
Interest and similar expenses	(12,955,523)	(1,661,167)	(1,536,767)	(16,153,457)	6,952,354	(9,201,103)
Net interest and similar income	3,974,994	992,380	1,268,078	6,235,452	-	6,235,452
Non-interest income	1,407,896	131,006	94,961	1,633,863	-	1,633,863
TOTAL OPERATING INCOME	5,382,890	1,123,386	1,363,039	7,869,315	-	7,869,315
TOTAL OPERATING EXPENSES	(3,915,309)	(511,500)	(505,889)	(4,932,698)	-	(4,932,698)
Net operating profit before credit loss expenses	1,467,581	611,886	857,150	2,936,617	-	2,936,617
Credit loss expenses	(2,237,470)	(1,039)	5	(2,238,504)	-	(2,238,504)
PROFIT BEFORE TAX	(769,889)	610,847	857,155	698,113	-	698,113
Total corporate income tax expenses	(161,672)	-	-	(161,672)	-	(161,672)
NET PROFIT AFTER TAX	(931,561)	610,847	857,155	536,441	-	536,441
ASSETS						
Due from and loans to other credit institutions	4,620,545	1,344	1,183	4,623,072	-	4,623,072
Loans to customers	137,372,030	16,644,291	24,411,102	178,427,423	-	178,427,423
Investment securities	43,192,180	-	-	43,192,180	-	43,192,180
Other assets	61,107,469	1,725,758	1,850,131	64,683,358	(561,918)	64,121,440
TOTAL ASSETS	246,292,224	18,371,393	26,262,416	290,926,033	(561,918)	290,364,115
LIABILITIES						
Due to and borrowings from other credit institutions	3,665,843	360	6,845	3,673,048	-	3,673,048
Due to customers	190,825,880	42,181,945	26,419,912	259,427,737	-	259,427,737
Other liabilities	5,067,122	671,455	423,372	6,161,949	(561,918)	5,600,031
TOTAL LIABILITIES	199,558,845	42,853,760	26,850,129	269,262,734	(561,918)	268,700,816

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38. SEGMENT REPORT (continued)

38.2 *Secondary segment report: by business sector*

For management purposes, the Bank is organized into sectors based on the followings:

Individual customers and corporate customers:	The products and services provided to individual and corporate clients include: <ul style="list-style-type: none">- due to customers;- loans 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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38. SEGMENT REPORT (continued)

38.2 Secondary segment report: by business sector (continued)

Information on assets and liabilities of the business sectors of the Bank 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 and gold	-	-	-	6,402,244	6,402,244
Balances with the SBV	-	-	6,794,170	-	6,794,170
Due from and loans to other credit institutions	-	-	4,623,072	-	4,623,072
Held-for-trading securities	-	95,334	-	-	95,334
Loans to customers	178,427,423	-	-	-	178,427,423
Investment securities	-	39,677,509	-	-	39,677,509
Long-term investments	-	3,419,337	-	-	3,419,337
Fixed assets	-	-	-	7,316,111	7,316,111
Other assets	29,102,122	2,385,562	26,406	12,094,825	43,608,915
TOTAL ASSETS	207,529,545	45,577,742	11,443,648	25,813,180	290,364,115
LIABILITIES					
Due to and borrowings from other credit institutions	-	-	3,673,048	-	3,673,048
Due to customers	259,427,737	-	-	-	259,427,737
Derivatives and other financial liabilities	-	-	22,853	-	22,853
Grants, entrusted funds and loans exposed to risks	-	-	1,661,894	-	1,661,894
Valuable papers issued	600	-	-	-	600
Other liabilities	3,683,981	-	17,824	212,879	3,914,684
TOTAL LIABILITIES	263,112,318	-	5,375,619	212,879	268,700,816

Segmental information on income and expenses is not presented as the Bank has not established management information system to collect these information.

39. FINANCIAL RISK MANAGEMENT

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

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

(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.

(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's activities.

Risk Management Committee analyses and provides warnings on the potential risks that may affect the Bank's 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 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.

(v) Internal Audit

According to the annual internal audit plan, business processes throughout the Bank are audited annually by the internal audit function, which examines both the adequacy of the procedures and compliance with the Bank's 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's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models.

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

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39. 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.

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

(vii) *Risk mitigation*

The Bank actively uses collaterals to reduce its 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's performance to the developments of a particular industry or geographic allocation.

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

40. CREDIT RISK

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

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position and creditworthiness of counterparties based on qualitative and quantitative indicators. Counterparty's limits are 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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40. CREDIT RISK (continued)

40.1 *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 separate balance sheet, are listed below:

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Credit risk exposures of balance sheet items		
Due from and loans to other credit institutions	4,623,624	4,958,262
Loans to customers		
- Individuals	88,222,044	56,181,992
- Corporates	92,370,826	68,393,865
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	31,788,359	6,749,708
Credit risk exposures of off-balance sheet items		
Financial guarantees	3,928,076	3,481,253
Letters of credit	6,623,319	8,456,342
Other commitments	11,271	11,103

This table presents the worst scenario which the Bank 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.

40.2 *Financial assets neither past due nor impaired*

The Bank's financial assets which are neither past due nor impaired include loans 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 interests receivables which were blocked and amortized into the profit and loss (*Note 16.2*) according to the Restructuring Plan as approved by the SBV.

40.3 *Financial assets past due but not impaired*

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

	<i>Past due</i>				<i>Total</i> <i>VND million</i>
	<i>Less than</i> <i>90 days</i> <i>VND million</i>	<i>From 91 to</i> <i>180 days</i> <i>VND million</i>	<i>From 181 to</i> <i>360 days</i> <i>VND million</i>	<i>More than</i> <i>360 days</i> <i>VND million</i>	
Loans 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 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 estates, 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.

41. MARKET RISKS

41.1 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 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 manages 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

Re-pricing term of the effective interest rate is the remaining period from the date of the separate financial statements to the nearest re-pricing date of interest rate applicable to assets and equity.

The following assumptions and conditions are used in analysis of the re-pricing period of interest rates of the Bank's assets and liabilities:

- ▶ Cash and gold; investment in equity securities; long-term investment and other assets (including fixed assets, investment properties and other assets) are classified as non-interest bearing items.
- ▶ The re-pricing term of balances with the SBV is considered as up to 1-month.
- ▶ The re-pricing term of investment securities and held-for-trading securities is calculated based on the time to maturity from the balance sheet date for each type of securities.
- ▶ The re-pricing term of placements with other banks and loans to other banks; loans to customers; borrowings from the Government and SBV; placements from other credit institutions and borrowings from other credit institutions; due to customers are determined as follows:
 - Items which bear fixed interest rate during the contractual term: The re-pricing term is determined based on the time to maturity from the balance sheet date.
 - Items which bear floating interest rate: The re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the balance sheet date.
- ▶ The re-pricing term of valuable papers is determined based on the time to the nearest interest rate re-pricing date from the balance sheet date.

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

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41. MARKET RISKS (continued)

41.1 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 and gold	-	6,402,244	-	-	-	-	-	6,402,244	
Balances with the SBV	-	-	6,794,170	-	-	-	-	6,794,170	
Due from and loans to other credit institutions - gross	552	-	4,482,103	140,969	-	-	-	4,623,624	
Held-for-trading securities - gross	-	124,841	-	-	-	-	-	124,841	
Loans to customers - gross	2,199,950	43,321,983	45,166,769	83,347,973	730,731	1,340,266	3,792,241	180,592,870	
Investment securities - gross	-	14,554,763	650,526	2,524,558	5,441,171	2,233,921	15,801,059	41,256,909	
Long-term investments - gross	-	3,823,930	-	-	-	-	-	3,823,930	
Fixed assets	-	7,316,111	-	-	-	-	-	7,316,111	
Other assets - gross	1,079,177	43,114,916	-	-	-	-	-	44,194,093	
Total assets	3,279,679	118,658,788	57,093,568	86,013,500	6,171,902	3,574,187	19,593,300	295,128,792	
Liabilities									
Due to and borrowings from other credit institutions	-	-	3,230,005	328,350	109,450	50	1,292	3,673,048	
Due to customers	-	532,951	119,651,032	53,107,311	40,006,270	39,923,197	6,169,265	259,427,737	
Derivatives and other financial liabilities	-	22,853	-	-	-	-	-	22,853	
Grants, entrusted funds and loans exposed to risks	-	-	332,763	1,094,500	231,800	354	2,477	1,661,894	
Valuable papers issued	-	-	600	-	-	-	-	600	
Other liabilities	-	3,914,684	-	-	-	-	-	3,914,684	
Total liabilities	-	4,470,488	123,214,400	54,530,161	40,347,520	39,923,601	6,173,034	268,700,816	
Interest sensitivity gap	3,279,679	114,188,300	(66,120,832)	31,483,339	(34,175,618)	(36,349,414)	13,420,266	26,427,976	

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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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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41. MARKET RISKS (continued)

41.2 Currency risk

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

The Bank is incorporated and operating in Vietnam with reporting currency as VND. The major currency of its transaction is also VND, some transactions are denominated in gold, USD, EUR and other foreign currencies. The Bank has 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 and gold	250,033	1,142,551	245,128	667,981	2,305,693
Balances with the SBV	-	963,335	-	-	963,335
Due from and loans to other credit institutions - gross	33,339	3,141,623	-	233,243	3,408,205
Derivatives and other financial assets	842,905	610,253	-	119,025	1,572,183
Loans to customers - gross	-	7,508,415	382,426	-	7,890,841
Other assets - gross	-	244,114	63,859	87,293	395,266
Total assets	1,126,277	13,610,291	691,413	1,107,542	16,535,523
Liabilities					
Due to and borrowings from other credit institutions	4,031	1,835,599	-	56,289	1,895,919
Due to customers	405,365	11,799,045	-	330,103	12,534,513
Derivatives and other financial liabilities	-	-	-	383,423	383,423
Grants, entrusted funds and loans exposed to risks	-	1,316,768	-	-	1,316,768
Valuable papers issued	-	4	-	-	4
Other liabilities	2,825	51,494	50	12,554	66,923
Total liabilities	412,221	15,002,910	50	782,369	16,197,550
Foreign exchange position on-balance sheet	714,056	(1,392,619)	691,363	325,173	337,973
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	58	304,025	520,653	80,101	904,837

41. MARKET RISK (continued)

41.2 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.

41.3 Liquidity risk

Liquidity risk is the risk which the Bank has difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank has diversified the mobilization of deposits from various sources in addition to its basic capital resources. In addition, the Bank has established policy for control of liquidity assets flexibly; monitor the future cash flows and daily liquidity. The Bank has also evaluated the estimated cash flows and the availability of current collateral assets in case of obtaining more deposits.

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

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

- ▶ Balances with the 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 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 are 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's assets and liabilities by relevant maturity based on the remaining period calculated as at 31 December 2015. In fact, these amounts may be rotated, and therefore, they last beyond the original maturity date.

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41. MARKET RISK (continued)

41.3 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	1 - 3 months VND million	3 - 12 months VND million	1 - 5 years VND million	Above 5 years VND million	
Assets								
Cash and gold	-	-	6,402,244	-	-	-	-	6,402,244
Balances with the SBV	-	-	6,794,170	-	-	-	-	6,794,170
Due from and loans to other credit institutions - gross	552	-	4,482,103	140,969	-	-	-	4,623,624
Held-for-trading securities - gross	-	-	-	124,841	-	-	-	124,841
Loans to customers - gross	1,179,895	1,020,055	6,851,872	15,203,864	41,510,644	90,731,476	24,095,064	180,592,870
Investment securities - gross	-	-	24,696,373	412,284	-	16,148,252	-	41,256,909
Long-term investments - gross	-	-	-	-	-	-	3,823,930	3,823,930
Fixed assets	-	-	7,368	208	10,742	475,404	6,822,389	7,316,111
Other assets	1,073,784	5,393	3,666,545	894,991	1,825,913	15,121,499	21,605,968	44,194,093
Total assets	2,254,231	1,025,448	52,900,675	16,777,157	43,347,299	122,476,631	56,347,351	295,128,792
Liabilities								
Due to and borrowings from other credit institutions	-	-	2,126,356	488,595	428,101	624,524	5,472	3,673,048
Due to customers	-	-	120,183,983	53,107,311	79,929,467	6,169,265	37,711	259,427,737
Derivatives and other financial liabilities	-	-	22,853	-	-	-	-	22,853
Grants, entrusted funds and loans exposed to risks	-	-	4,313	23,345	241,908	1,391,828	500	1,661,894
Valuable papers issued	-	-	600	-	-	-	-	600
Other liabilities	-	-	1,443,363	951,684	1,369,643	145,557	4,437	3,914,684
Total liabilities	-	-	123,781,468	54,570,935	81,969,119	8,331,174	48,120	268,700,816
Net liquidity gap	2,254,231	1,025,448	(70,880,793)	(37,793,778)	(38,621,820)	114,145,457	56,299,231	26,427,976

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41. MARKET RISK (continued)

41.4 Market price risk

Except for the assets and liabilities presented above, the Bank has 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.

42. EXPENDITURE, OPERATING LEASE COMMITMENTS AND FIDUCIARY ASSETS

42.1 Expenditure commitments

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

42.2 Operating lease commitments

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Operating lease commitments	2,148,636	10,127,892
<i>In which</i>		
- Due within one year	291,105	430,876
- Due from one to five years	765,293	1,577,679
- Due after five years	1,092,238	8,119,337

42.3 Assets held under custody

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

43. 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 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 separate financial statements.

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

Financial assets

Financial assets of the Bank within the scope of Circular 210 comprise cash and gold, balances with the SBV, due from and loans to other credit institutions, loans 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 separate 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 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 has the positive intention and ability to hold to maturity other than:

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

► *Loans to customers 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 intends to sell immediately or in the near term, which shall be classified as held-for-trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) Those that the Bank 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.

**43. 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 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 separate 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 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 separate balance sheet if, and only if, the Bank has an enforceable legal right to offset financial assets against financial liabilities and the Bank has 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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43. SUPPLEMENTAL NOTES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES ACCORDING TO CIRCULAR NO. 210/2009/TT-BTC (continued)

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

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

	Carrying amount					Total Book value VND million	Fair value VND million
	Held-for- trading securities VND million	Held to maturity securities VND million	Loans and receivables VND million	Available for sale securities VND million	Other assets and liabilities at amortized cost VND million		
Cash and gold	-	-	-	-	6,402,244	6,402,244	6,402,244
Balances with the SBV	-	-	-	-	6,794,170	6,794,170	6,794,170
Due from and loans to other credit institutions	-	-	983,529	-	3,639,543	4,623,072	(*)
Held-for-trading securities	95,334	-	-	-	-	95,334	(*)
Loans to customers	-	-	178,427,423	-	-	178,427,423	(*)
Available for sale securities	-	-	-	24,915,301	-	24,915,301	(*)
Held-to-maturity securities	-	14,762,208	-	-	-	14,762,208	(*)
Other long-term investments	-	-	-	558,839	-	558,839	(*)
Other financial assets	-	-	-	-	31,537,372	31,537,372	(*)
	95,334	14,762,208	179,410,952	25,474,140	48,373,329	268,115,963	
Due to and borrowings from other credit institutions	-	-	-	-	3,673,048	3,673,048	(*)
Due to customers	-	-	-	-	259,427,737	259,427,737	(*)
Derivatives and other financial liabilities	-	-	-	-	22,853	22,853	(*)
Grants, entrusted funds and loans exposed to risks	-	-	-	-	1,661,894	1,661,894	(*)
Valuable papers issued	-	-	-	-	600	600	(*)
Other financial liabilities	-	-	-	-	3,644,960	3,644,960	(*)
	-	-	-	-	268,431,092	268,431,092	

(*) 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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44. HEDGING

For assets and liabilities management, the Bank has 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 has 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 to customers, available-for-sale debt securities and valuable papers issued. For currency hedging, the Bank has used swap contracts.

45. 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, 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/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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46. 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