

Saigon Thuong Tin Commercial Joint Stock Bank

Consolidated financial statements

31 December 2016

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 2016, 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 2016 and at the date of these consolidated financial statements are as follows:

<i>Name</i>	<i>Date of joining the Board of Directors</i>	<i>Current position</i>	<i>Date of appointment/resignation</i>
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 2016 and at the date of these consolidated financial statements are as follows:

<u>Name</u>	<u>Date of joining the Board of Supervision</u>	<u>Current Position</u>	<u>Date of appointment</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

BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

The members of the Board of Management and Chief Accountant for the financial year ended 31 December 2016 and at the date of these consolidated financial statements are as follows:

<u>Name</u>	<u>Position</u>	<u>Date of appointment/resignation</u>
Mr. Phan Huy Khang	General Director	Appointed on 3 July 2012
Mr. Nguyen Van Nhan	Standing Deputy General Director	Appointed on 1 October 2015
Ms. Duong Hoang Quynh Nhu	Deputy General Director	Appointed on 14 June 2012
Ms. Nguyen Thi Le An	Deputy General Director	Appointed on 24 July 2012
Mr. Ha Van Trung	Deputy General Director	Appointed on 10 October 2012
Mr. Nguyen Minh Tam	Deputy General Director	Appointed on 21 May 2007
Mr. Phan Dinh Tue	Deputy General Director	Appointed on 14 June 2012
Ms. Quach Thanh Ngoc Thuy	Deputy General Director	Appointed on 5 February 2010
Mr. Trinh Van Ty	Deputy General Director	Appointed on 1 October 2015
Mr. Ly Hoai Van	Deputy General Director	Appointed on 30 August 2010
Mr. Nguyen Xuan Vu	Deputy General Director	Appointed on 28 August 2013
Mr. Bui Van Dung	Deputy General Director	Appointed on 29 March 2012
Mr. Ha Ton Trung Hanh	Deputy General Director	Appointed on 28 February 2013
Mr. Dao Nguyen Vu	Deputy General Director	Appointed on 27 June 2007
Mr. Nguyen Ba Tri	Deputy General Director	Appointed on 26 July 2012
Ms. Ha Quynh Anh	Deputy General Director	Appointed on 28 June 2012
Mr. Vo Anh Nhue	Deputy General Director	Appointed on 1 October 2012
Mr. Hoang Thanh Hai	Deputy General Director	Appointed on 7 April 2014
Mr. Tran Minh Khoa	Deputy General Director	Appointed on 2 January 2014
Mr. Ho Doan Cuong	Deputy General Director	Appointed on 1 October 2012
Ms. Nguyen Duc Thach Diem	Deputy General Director	Appointed on 7 April 2014
Mr. Le 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 2016 and at the date of these consolidated financial statements is Mr. Phan Huy Khang - General Director.

Saigon Thuong Tin Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

AUDITOR

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

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

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

Saigon Thuong Tin Commercial Joint Stock Bank

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Thuong Tin Commercial Joint Stock Bank ("the Bank") is pleased to present its report and the consolidated financial statements of the Bank and its subsidiaries as at and for the year ended 31 December 2016.

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

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

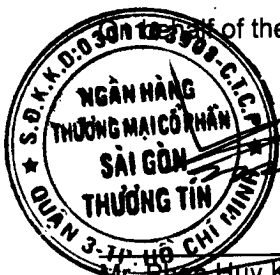
- ▶ select suitable accounting policies and apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;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

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

The Board of Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements for the year ended 31 December 2016.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2016, of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period and statutory requirements relevant to preparation and presentation of the consolidated financial statements.



Mr. Phan Huy Khang
General Director

Ho Chi Minh City, Vietnam

29 May 2017



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Ernst & Young Vietnam Limited
28th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
Ho Chi Minh City, S.R. of Vietnam

Tel: +84 8 3824 5252
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ey.com

Reference: 60857352/18604033-HN

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Saigon Thuong Tin Commercial Joint Stock Bank ("the Bank") and its subsidiaries as prepared on 29 May 2017 and set out on pages 7 to 87, which comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

The Board of Management's responsibility

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

Auditors' responsibility

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

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

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



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Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2016, and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period and statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Emphasis of matter

As presented in Note 3.4, 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. Accordingly, the basis for recognition, measurement and presentation of these items in the consolidated financial statements was made according to the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan and the Bank's proposals in the Restructuring Plan which are presented in relevant notes to the consolidated financial statements.

Our opinion is not modified in respect of this matter.



Trần Hoàng Anh
Deputy General Director
Audit Practicing Registration
Certificate No. 2071-2013-004-1

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

CONSOLIDATED BALANCE SHEET
as at 31 December 2016

B02/TCTD-HN

	<u>Notes</u>	<u>Ending balance VND million</u>	<u>Beginning balance VND million</u>
ASSETS			
Cash, gold and precious stones	5	5,872,975	6,586,478
Balances with central banks	6	8,954,312	7,497,267
Due from and loans to other credit institutions		2,484,336	2,207,868
Due from other credit institutions	7.1	2,372,080	2,207,868
Loans to other credit institutions	7.2	112,808	552
Provision for credit losses	12.1	(552)	(552)
Held-for-trading securities	8	89,891	95,334
Held-for-trading securities		105,624	124,841
Provision for held-for-trading securities		(15,733)	(29,507)
Derivatives and other financial assets	9	15,422	-
Loans and finance leases to customers		196,428,077	183,660,021
Loans and finance leases to customers	10	198,859,665	185,916,813
Provision for credit losses on loans and finance leases to customers	12.2	(2,431,588)	(2,256,792)
Purchased debt	11	751,748	-
Purchased debt		757,528	300
Provision for credit losses on purchased debt		(5,780)	(300)
Investment securities	13	65,033,141	39,678,056
Available-for-sale securities	13.1	27,589,161	25,109,203
Held-to-maturity securities	13.2	39,292,300	16,148,253
Provision for investment securities	13.4	(1,848,320)	(1,579,400)
Long-term investments	14	520,339	594,542
Other long-term investments	14.1	880,575	897,843
Provision for long-term investments	14.2	(360,236)	(303,301)
Fixed assets		7,949,366	7,967,719
<i>Tangible fixed assets</i>	15.1	4,503,810	4,530,436
Cost		6,856,959	6,553,671
Accumulated depreciation		(2,353,149)	(2,023,235)
<i>Finance lease</i>	15.2	-	70
Cost		-	596
Accumulated depreciation		-	(526)
<i>Intangible fixed assets</i>	15.3	3,445,556	3,437,213
Cost		4,196,740	4,089,239
Accumulated amortization		(751,184)	(652,026)
Other assets		43,923,436	43,745,451
Receivables	16.1	16,943,694	17,175,891
Interest and fees receivable	16.2	25,336,472	25,207,349
Deferred tax assets	22	106,316	94,588
Other assets	16.3	2,171,888	1,853,427
Provision for other assets	16.4	(634,934)	(585,804)
TOTAL ASSETS		332,023,043	292,032,736

Saigon Thuong Tin Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2016

B02/TCTD-HN

	<i>Notes</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
LIABILITIES			
Borrowings from the State Bank of Vietnam	17	3,774,694	-
Due to and borrowings from other credit institutions		8,109,652	2,954,073
Due to other credit institutions	18.1	3,341,826	657,127
Borrowings from other credit institutions	18.2	4,767,826	2,296,946
Due to customers	19	291,653,101	260,994,745
Derivatives and other financial liabilities	9	-	22,853
Grants, entrusted funds and loans exposed to risks	20	1,404,155	1,793,234
Valuable papers issued		600	600
Other liabilities		4,888,907	4,186,736
Interest and fees payable		3,554,231	3,065,170
Deferred tax liabilities	22	23,419	21,359
Other liabilities	21	1,311,257	1,100,207
TOTAL LIABILITIES		<u>309,831,109</u>	<u>269,952,241</u>
OWNERS' EQUITY			
Capital		18,166,632	18,166,632
Charter capital		18,852,157	18,852,157
Fund for capital expenditure		1,121	1,121
Share premium		63,612	63,612
Treasury shares		(750,911)	(750,911)
Other capital		653	653
Reserves		2,430,405	2,419,833
Foreign currency translation reserve		253,985	229,077
Retained earnings		1,340,912	1,264,953
TOTAL OWNERS' EQUITY	23.1	<u>22,191,934</u>	<u>22,080,495</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>332,023,043</u>	<u>292,032,736</u>

Saigon Thuong Tin Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2016

B02/TCTD-HN

OFF-BALANCE SHEET ITEMS

<i>Notes</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Guarantees for borrowings	34,126	32,404
Commitments on foreign exchange transactions	12,049,416	14,423,048
- <i>Commitments on buying foreign currencies</i>	282,991	2,537,450
- <i>Commitments on selling foreign currencies</i>	521,615	1,970,586
- <i>Commitments on swap transactions</i>	11,244,810	9,915,012
Letters of credit	9,049,479	6,339,073
Other guarantees	4,543,363	3,854,693
Other commitments	-	11,271
37	25,676,384	24,660,489

Prepared by:



Mr. Luu Van Hoa
Accountant

Reviewed by:



Mr. Huynh Thanh Giang
Chief Accountant



Approved by:

Mr. Phan Huy Khang
General Director

Ho Chi Minh City, Vietnam

29 May 2017

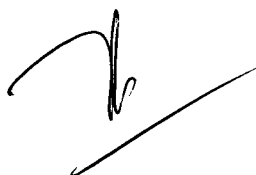
Saigon Thuong Tin Commercial Joint Stock Bank

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2016

B03/TCTD-HN

	Notes	Current year VND million	Previous year VND million
Interest and similar income	25	17,868,402	15,892,850
Interest and similar expenses	26	(13,847,705)	(9,317,743)
Net interest income		4,020,697	6,575,107
Fee and commission income		2,112,833	1,740,796
Fee and commission expenses		(682,789)	(569,533)
Net fee and commission income	27	1,430,044	1,171,263
Net gain from foreign currencies and gold trading	28	265,028	158,842
Net (loss)/gain from dealing of held-for-trading securities	29	(753)	11,455
Net gain/(loss) from dealing of investment securities	30	45,835	(99,478)
Other operating income		747,616	479,034
Other operating expenses		(10,652)	(20,182)
Net gain from other operating activities	31	736,964	458,852
Income from long-term investments	32	32,342	12,675
TOTAL OPERATING INCOME		6,530,157	8,288,716
Employee expenses		(3,110,710)	(2,858,094)
Depreciation and amortization charges		(392,455)	(333,024)
Other operating expenses		(2,175,158)	(1,963,429)
TOTAL OPERATING EXPENSES	33	(5,678,323)	(5,154,547)
Net operating profit before credit loss expenses		851,834	3,134,169
Credit loss expenses	12	(696,243)	(2,256,014)
PROFIT BEFORE TAX		155,591	878,155
Current corporate income tax expense	22	(75,531)	(242,858)
Deferred income tax income	22	8,549	12,622
Total corporate income tax expense		(66,982)	(230,236)
PROFIT AFTER TAX		88,609	647,919
<i>Attributable to:</i>			
Common shareholders of the Bank		88,609	647,919
Basic earnings per share (VND)	24	49	444

Prepared by:



Mr. Luu Van Hoa
Accountant

Reviewed by:



Mr. Huynh Thanh Giang
Chief Accountant

Approved by:



Mr. Phan Huy Khang
General Director

Ho Chi Minh City, Vietnam

29 May 2017

Saigon Thuong Tin Commercial Joint Stock Bank

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2016

B04/TCTD-HN

	<i>Notes</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		17,850,649	15,648,740
Interest and similar payments		(13,362,601)	(8,987,452)
Net fee and commission receipts		1,477,989	1,188,601
Net receipts from trading of securities, gold and foreign currencies		299,394	140,029
Receipts from other activities		114,618	37,740
Recoveries from bad debts written-off previously		56,751	139,467
Payments to employees and other operating expenses		(5,375,509)	(4,164,667)
Corporate income tax paid during the year	22	(38,545)	(514,536)
Net cash from operating activities before changes in operating assets and liabilities		1,022,746	3,487,922
Changes in operating assets		(39,261,903)	(27,510,472)
(Increase)/decrease in due from and loans to other credit institutions		(112,256)	734,827
Increase in investment securities		(2,299,333)	(4,264,314)
Increase in derivatives and other financial assets		(15,422)	-
Increase in loans and finance leases to customers		(37,380,211)	(23,417,321)
Decrease in provision used for compensation of losses		(36,990)	(43,886)
Decrease/(increase) in other operating assets		582,309	(519,778)
Changes in operating liabilities		39,365,105	18,857,824
Increase/(decrease) in borrowings from the central bank		3,774,694	(1,050,498)
Increase/(decrease) in due to and borrowings from other credit institutions		5,155,579	(1,456,851)
Increase in due to customers		30,658,356	20,514,104
(Decrease)/increase in grants, entrusted funds and loans exposed to risks		(389,079)	677,421
(Decrease)/increase in derivatives and other financial liabilities		(22,853)	35,004
Increase in other operating liabilities		259,577	411,814
Reverses utilized during the year		(71,169)	(273,170)
Net cash from/(used in) operating activities		1,125,948	(5,164,726)

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Saigon Thuong Tin Commercial Joint Stock Bank

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2016

B04/TCTD-HN

	<i>Notes</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(461,400)	(563,101)
Proceeds from disposals of fixed assets		186,373	10,680
Payments for investing in other entities		(592)	-
Proceeds from disposal of investments in other entities		940	626
Dividends received and profit from long-term investments	32	32,152	12,675
Net cash used in investing activities		(242,527)	(539,120)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends distributed to shareholders	23.4	(575)	(698)
Cash used in financing activities		(575)	(698)
Net cash flows during the year		882,846	(5,704,544)
Cash and cash equivalents at beginning of year	34	16,291,613	19,566,393
Cash and cash equivalents from merger of Southern Commercial Joint Stock Bank		-	2,304,957
Foreign exchange difference		24,908	124,807
Cash and cash equivalents at end of year	34	17,199,367	16,291,613

Prepared by:



Mr. Luu Van Hoa
Accountant

Reviewed by:



Mr. Huynh Thanh Giang
Chief Accountant

Approved by:



Phan Huy Khang
General Director

Ho Chi Minh City, Vietnam

29 May 2017

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2016

B05/TCTD-HN

1. BANK INFORMATION

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

Establishment and operation

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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 2016 amounted to VND18,852,157 million (31 December 2015: VND18,852,157 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 2016, the Bank had one (1) Head Office, one hundred and nine (109) branches located in cities and provinces in Vietnam, four hundred thirty two (432) domestic transaction offices and eleven (11) savings funds.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

B05/TCTD-HN

1. BANK INFORMATION (continued)

Subsidiaries

As at 31 December 2016, the Bank has six (6) subsidiaries as follows:

<i>Subsidiary</i>	<i>Operating License No.</i>	<i>Nature of Business</i>	<i>Ownership</i>
Sacombank Asset Management Co., Ltd.	4104000053	Asset management	100%
Sacombank Leasing Company	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 Company Limited	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%

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

<i>Subsidiary</i>	<i>Operating License No.</i>	<i>Nature of Business</i>	<i>Ownership</i>
Hypertek Company Limited	0309998954	Trading in machinery and equipment, providing IT solutions and services	100%

Employees

The Bank and its subsidiaries have 17,079 employees as at 31 December 2016 (31 December 2015: 16,485 employees).

Saigon Thuong Tin Commercial Joint Stock Bank

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

2.1 Fiscal year

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

2.2 Currency unit used in accounting

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

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 Statement of compliance

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

3.2 Accounting standards and system

The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the Accounting System applicable to credit institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004 and Circular No. 10/2014/TT-NHNN dated 20 March 2014 amending and supplementing Decision No. 479/2004/QD-NHNN; the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN, the 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 as presented at Note 3.4 and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

Saigon Thuong Tin Commercial Joint Stock Bank

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

3.2 *Basis of preparation* (continued)

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

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

3.3 *Basis of consolidation*

The consolidated financial statements include the financial statements of the Bank and of its subsidiaries as at 31 December 2016. The financial statements of subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control and continue to be consolidated until the date that control ceases. The control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its.

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

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

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

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

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

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

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

- ▶ **Accrued interest receivables:** The Bank is permitted to block some accrued interest receivables of bad debts and doubtful assets in its consolidated financial statements as at 31 December 2015 and make an annual amortization of such blocked interest into the profit and loss based on its financial capacity within a maximum period of 10 years according to its Restructuring Plan (*Note 16.2*).
- ▶ **Provision for credit losses:** The Bank is permitted to make and allocate provision for credit losses based on its financial capacity during the restructuring period (*Note 10.1 and Note 12*).
- ▶ **Special bonds issued by VAMC:** The Bank is permitted to make and allocate provision for VAMC's special bonds 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's is approved to apply the proposed schedule in the Restructuring Plan for resolution of these investments to comply with current regulations (*Note 13 and Note 14*).

3.5 *Accounting estimates and assumptions*

The preparation of the consolidated financial statements requires the Board of Management 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 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 to such items.

3.6 *Going concern*

The Board of Management has taken all necessary measures to maintain the Bank and its subsidiaries' 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 and its subsidiaries will continue to operate in the definite future. As a result, these consolidated financial statements have been prepared on the going concern assumption basis.

Saigon Thuong Tin Commercial Joint Stock Bank

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

3.7 Changes in accounting policies and disclosures

The accounting policies used by the Bank and its subsidiaries in preparing these consolidated financial statements are consistent with those used in preparing the consolidated financial statements for the year ended 31 December 2015.

3.8 Issued accounting policies which have not been yet effective

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

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

4.2 Purchased debts

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

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

4.3 Loans and finance leases to customers

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

Saigon Thuong Tin Commercial Joint Stock Bank

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

4.4 Provision for credit losses

Provision for due from and loans to other credit institutions, purchased and entrusted unlisted corporate bonds, originated and entrusted loans and finance leases 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 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 (*Note 3.4*).

The classification of due from and loans to other credit institutions, purchased and entrusted unlisted corporate bonds, originated and entrusted loans and finance leases 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.

Saigon Thuong Tin Commercial Joint Stock Bank

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

4.4 Provision for credit losses (continued)

Group		Description
4	Doubtful	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (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 its subsidiaries and any of outstanding debts is classified into a higher risk group, the entire remaining debts should be also classified into the higher risk group.

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

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

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

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

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

4.6 Held-for-trading securities

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

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

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

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

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

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

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

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

4.7 Investment securities

4.7.1 Held-to-maturity securities

(i) Special bonds issued by VAMC

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

Specific provision for 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 the minimum provision for special bonds in the m^{th} year;
- X_{m-1} is the accumulated specific provision for special bonds in the $m-1^{\text{th}}$ year;
- Y is the par value of special bonds;
- n is the term of special bonds (years);
- m is the number of years from the bond issuance date to the provision date;
- Z_m is the 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.

At the date the special bond is settled, the interest receipt from recovery of the debt is recorded in "Interest and similar income".

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

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

Provision for VAMC special bonds is made in compliance with the official approvals of the State Bank of Vietnam for the Post-merger Restructuring Plan of Saigon Thuong Tin Commercial Joint Stock Bank for the period up to 2025 and the Bank's proposals for financial regimes and resolutions in the Restructuring Plan in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period (Note 3.4).

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment securities* (continued)

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

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

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

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

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

4.7.2 *Available-for-sale securities*

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

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods. Periodically, available-for-sale investments 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 4.7.1 (ii).

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 *Purchase with commitment to resale of securities*

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

Provision for securities purchased with commitment for resale in the future is made in compliance with the official approvals of the State Bank of Viet Nam 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 in relation to accrued interest receivables, VAMC's special bonds, bad debts, doubtful assets and investment securities during the restructuring period (*Note 3.4*).

4.9 *Long-term investments*

Other long-term investments represent investments in other entities 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 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 par value) minus (-) owner's equity multiplied (x) with the Bank and its subsidiaries' ownership (at par value) at the investee according to Circular 228 and Circular 89.

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

4.10 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortization.

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

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

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

4.12 *Leases*

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

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

4.12.1 *The Bank and its subsidiaries as the lessees*

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

4.12.2 *The Bank and its subsidiaries as the lessors*

The Bank and its subsidiaries recognize the value of financial lease assets as receivables in the consolidated balance sheet using the net investment value in the finance lease contract. Receivables from finance leases are recognized as principal receivables and financial income from the lessor's investments and services. The Bank and its subsidiaries allocate financial income over the lease term based on the fixed rate of interest and the net finance lease investment.

The Bank and its subsidiaries recognize operating lease assets on the consolidated balance sheet. Revenue from operating leases is recognized on a straight-line basis over the lease term, regardless of the payment method. Operating lease expenses, including depreciation of lease property, are recognized as an expense when incurred.

4.13 *Depreciation and amortization*

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

Buildings and structure	5 - 50 years
Machines and equipment	3 - 15 years
Transportation vehicles	6 - 10 years
Other tangible assets	4 - 25 years
Land use rights with definite term	14 - 53 years
Computer software	4 - 6 years

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

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Receivables

4.14.1 Receivables classified as credit risk bearing assets

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

4.14.2 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 and its subsidiaries make provision in compliance with Circular 228 and Circular 89 as follows:

<u>Overdue age</u>	<u>Provision rate</u>
From over six months up to less than one year	30%
From one year up to less than two years	50%
From two years up to less than three years	70%
From three years and above	100%

4.15 Prepaid expenses

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

4.16 Due to other credit institutions, due to customers and valuable 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.

4.17 Payables and accruals

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

4.18 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.

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

4.19 Equity

Charter capital

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

Share premium

The Bank and its subsidiaries record the difference between the par value and issue price of shares if the issue price is higher than par value, and the difference the between 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.

4.20 Income and expense recognition

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

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

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

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

Income and expenses from the sale of debts are recognized in accordance with Circular No. 09/2015/TT-NHNN issued by the SBV providing guidance on the purchase and sale of debts of credit institutions and foreign bank branches.

Saigon Thuong Tin Commercial Joint Stock Bank

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

4.21 *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 2016 in *Note 48*). Income and expenses arising in foreign currencies during the year are converted into VND at real rates ruling at the transaction dates. Unrealized foreign exchange differences arising from the translation of monetary assets and liabilities at the balance sheet date are recognized in the consolidated income statement.

The currency used in separate financial statements of foreign subsidiaries (including Sacombank (Cambodia) Plc. and Sacombank (Lao) Plc.) are US dollar and Lao KIP. The separate financial statements of these overseas subsidiaries are converted based on the principles to be consolidated in the group as follows:

- a) Assets and liabilities (both monetary and non-monetary items) of foreign subsidiaries are translated using exchange rates ruling at the balance sheet date;
- b) Revenues, other incomes and expenses of foreign subsidiaries are translated at the average exchange rate;
- c) Foreign exchange differences arising from the translation of financial statements are recognized in the foreign exchange differences in the owners' equity.

4.22 *Corporate income tax ("CIT")*

4.22.1 *Current income tax*

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

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

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

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

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Corporate income tax ("CIT") (continued)

4.22.2 Deferred tax

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

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

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

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

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

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

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

Saigon Thuong Tin Commercial Joint Stock Bank

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

4.22 Corporate income tax ("CIT") (continued)

4.22.2 Deferred tax (continued)

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

4.23 Fiduciary assets

Entrusted operations that the Bank and its subsidiaries bear no risks

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

Entrusted operations that the Bank and its subsidiaries bear all risks

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

4.24 Off-balance-sheet commitments

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

4.25 Derivatives

Currency forward and swap contracts

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

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

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

Saigon Thuong Tin Commercial Joint Stock Bank

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

4.25 *Derivatives* (continued)

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 liability item – “*Interest payable for option transactions*”.

Cross currency interest rate swap contracts

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

4.26 *Offsetting*

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

4.27 *Employee benefits*

4.27.1 *Post-employment benefits*

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

4.27.2 *Voluntary resignation benefits*

The Bank and its subsidiaries have the obligation, under Labour 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). From 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date.

4.27.3 *Unemployment insurance*

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

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

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Cash on hand in VND	3,898,711	4,099,103
Cash on hand in foreign currencies	1,764,084	2,195,020
Gold	161,974	251,939
Jewelry	36,922	26,194
Other precious metal and stones	11,232	14,177
Valuable papers in foreign currencies	52	45
	5,872,975	6,586,478

6. BALANCES WITH CENTRAL BANKS

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Balances with the SBV		
- In VND	7,267,614	5,830,836
- In foreign currencies	726,644	963,335
Balance with the National Bank of Cambodia ("NBC")	667,685	397,993
Balances with the Bank of Laos ("BOL")	292,369	305,103
	8,954,312	7,497,267

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

The compulsory deposit rates at the year-end are as follows:

	<i>Ending balance</i>	<i>Beginning balance</i>
Customer demand deposits and term deposits with maturity term less than 12 months in VND	3%	3%
Customer term deposits with maturity term from 12 months and above in VND	1%	1%
Customer demand deposits and term deposits with maturity term less than 12 months in foreign currencies	8%	8%
Customer term deposits with maturity term from 12 months and above in foreign currencies	6%	6%

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

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

Saigon Thuong Tin Commercial Joint Stock Bank

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

7.1 Due from other credit institutions

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Demand deposits	1,179,276	1,663,968
In VND	181,517	41,740
In foreign currencies	997,759	1,622,228
Term deposits	1,192,804	543,900
In VND	1,050,000	325,000
In foreign currencies	142,804	218,900
	<u>2,372,080</u>	<u>2,207,868</u>

7.2 Loans to other credit institutions

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Loans to other credit institutions	112,808	552
In VND	552	552
In foreign currencies	112,256	-
Provision for credit loss (Note 12.1)	(552)	(552)
	<u>112,256</u>	<u>-</u>

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

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Current	1,305,060	543,900
Term deposits	1,192,804	543,900
Loans to other credit institutions	112,256	-
Loss	552	552
Loan to other credit institution	552	552
	<u>1,305,612</u>	<u>544,452</u>

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

Saigon Thuong Tin Commercial Joint Stock Bank

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

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Equity securities		
Issued by local economic entities	105,624	124,841
Provision for trading securities		
Provision for diminution in value	(15,733)	(29,507)
	89,891	95,334

The listing status of trading securities is as follows:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Equity securities		
Listed	42,374	61,591
Unlisted	63,250	63,250
	105,624	124,841

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

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Beginning balance	29,507	49,087
Reversal during the year (Note 29)	(13,774)	(19,580)
Ending balance	15,733	29,507

9. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	<i>Nominal amount</i> <i>(using the</i> <i>exchange rate at</i> <i>the effective date)</i> VND million	<i>Carrying value</i> <i>(using the exchange rate</i> <i>at the balance sheet date)</i>	
		<i>Assets</i> VND million	<i>Liabilities</i> VND million
Currency derivative financial instruments as at 31 December 2016			
Forward	1,295,812	4,265	-
Swap	5,577,306	11,157	-
	6,873,118	15,422	-
Net value		15,422	
Currency derivative financial instruments as at 31 December 2015			
Forward	830,639	15,100	-
Swap	4,535,596	-	37,953
	5,366,235	15,100	37,953
Net value			22,853

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

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Loans to domestic economic entities and individuals	191,182,625	179,032,945
Loans to foreign economic entities and individuals	4,208,122	3,910,748
Loans financed by entrusted funds	1,845,166	1,400,664
Finance leases	1,553,330	1,415,189
Loans by discount of commercial and valuable papers	60,010	157,267
Other loans	10,412	-
	198,859,665	185,916,813

10.1 Analysis of loans and financial lease by quality

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Current	182,519,558	174,096,718
Special mention	2,594,763	1,041,682
Sub-standard	2,613,243	1,776,909
Doubtful	2,621,783	1,140,028
Loss	8,510,318	7,861,476
	198,859,665	185,916,813

Included in the current loans as at 31 December 2016 were some loans amounting to VND8,379,580 million which will be resolved in accordance with the proposals in the Restructuring Plan as approved by the SBV.

Provision for loans and finance leases to customers of the Bank and its subsidiaries is made based on their financial capacity during the restructuring period (Note 3.4).

10.2 Analysis of loans and financial lease by original term

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Short-term loans	78,542,526	68,710,450
Medium-term loans	74,032,192	85,658,574
Long-term loans	46,284,947	31,547,789
	198,859,665	185,916,813

Saigon Thuong Tin Commercial Joint Stock Bank

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

10.3 Analysis of loans and financial lease by type of customer and ownership

	Ending balance		Beginning balance	
	VND million	%	VND million	%
Corporate loans	94,784,581	47.66	96,236,167	51.76
Other private limited companies	43,314,352	21.78	50,050,445	26.92
Other joint-stock companies	42,016,419	21.13	36,825,406	19.81
Private companies	4,954,130	2.49	5,254,122	2.83
Foreign invested enterprises	1,343,692	0.68	928,223	0.50
State-owned joint-stock companies	959,846	0.48	1,195,320	0.64
State-owned limited companies	925,285	0.47	897,574	0.48
State-owned enterprises	624,271	0.31	314,738	0.17
Co-operatives	113,426	0.06	138,619	0.07
Others	533,160	0.26	631,720	0.34
Loans to individuals	104,075,084	52.34	89,680,646	48.24
	198,859,665	100.00	185,916,813	100.00

10.4 Analysis of loans and financial lease by economic sectors

	Ending balance		Beginning balance	
	VND million	%	VND million	%
Real estate trading and consulting services	49,763,796	25.02	38,666,409	20.80
International organization and unions activities	23,942,394	12.04	15,041,583	8.09
Trading, repair of motor vehicles, motorcycles, personal and household appliances	23,623,783	11.88	31,178,368	16.77
Construction	23,411,576	11.77	21,391,218	11.51
Manufacturing and processing	21,815,395	10.97	19,636,867	10.56
Agriculture, forestry and fisheries	19,068,345	9.59	14,599,686	7.85
Household work, production and consumer service	11,386,551	5.73	7,253,503	3.90
Education and training	4,538,212	2.28	4,884,362	2.63
Transportation, warehousing and communication	4,500,811	2.26	3,947,706	2.12
Financial services, banking and insurance activities	3,625,959	1.82	1,846,504	0.99
Hotel and accommodation services	2,072,769	1.04	3,135,131	1.69
Health and social support activities	1,973,137	0.99	1,669,731	0.90
Electricity, gas and water supply/distribution	1,838,419	0.92	1,673,033	0.90
Mining exploration	1,622,798	0.82	1,412,835	0.76
Administrative activities and supporting service	682,497	0.34	691,239	0.37
Recreational, cultural and sporting activities	398,816	0.20	123,442	0.07
Science and technology activities	91,416	0.05	113,889	0.06
Others	4,502,991	2.28	18,651,307	10.03
	198,859,665	100.00	185,916,813	100.00

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10. LOANS AND FINANCE LEASES TO CUSTOMERS (continued)

10.5 Analysis of loans and financial lease by currency

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
In VND	186,461,228	93.77	173,953,500	93.57
In foreign currencies and gold	12,398,437	6.23	11,963,313	6.43
	198,859,665	100.00	185,916,813	100.00

11. PURCHASED DEBTS

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Purchased debts by foreign currencies	757,528	300
Provision for purchased debts	(5,780)	(300)
	751,748	-

The principal value of the purchased debts is as follows:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Principal debts purchased	786,643	300

Results of the loan classification as at 30 November 2016 and corresponding provision for purchased debts made by the Bank and its subsidiaries are as follows:

<i>Classification</i>	<i>Outstanding balance VND million</i>	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Current	770,726	-	5,780	5,780

Movements in the provision for debt purchased for the year ended 31 December 2016 are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Beginning balance	300	-	300
Provision (reversed)/charged during the year (Note 12)	(300)	5,780	5,480
Ending balance	-	5,780	5,780

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12. PROVISION FOR CREDIT LOSSES

The Bank and its subsidiaries classify their debts in accordance with Article 10, Circular 02 and Circular 09 and according to its own policy on debt classification. According to the Restructuring Plan approved by the SBV (*Note 3.4*), the Bank and its subsidiaries are allowed to make provision for credit losses based on their financial capability during the restructuring period.

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

	<i>Note</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Provision for due from and loans to other credit institutions	12.1	552	552
Provision for loans and finance leases to customers	12.2	2,431,588	2,256,792
Provision for purchased debts	11	5,780	300
Provision for special bonds issued by VAMC	12.3	1,649,681	1,378,545
Provision for held-to-maturity securities	13.4	7,500	7,500
Provision for other assets	16.4	143,007	143,007
		4,238,108	3,786,696

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
Provision for loans and finance leases to customers	12.2	419,349	942,342
Provision for purchased debts	11	5,480	-
Provision for special bonds issued by VAMC	12.3	271,414	1,170,113
Provision for other assets	16.4	-	143,007
		696,243	2,256,014

12.1 Provision for due from and loans to other credit institutions

Results of the loan classification as at 30 November 2016 and the corresponding provision for credit losses of due from and loans to other credit institutions made by the Bank and its subsidiaries are as follows:

<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	1,643,000	-	-	-
Loss	552	(552)	-	(552)
	1,643,552	(552)	-	(552)

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12. PROVISION FOR CREDIT LOSSES (continued)

12.1 Provision for due from and loans to other credit institutions (continued)

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

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Beginning balance	552	-
Provision for the year	-	552
Ending balance	552	552

12.2 Provision for loans and finance leases to customers

Results of the loan classification as at 30 November 2016 and the corresponding provision for credit losses of loans and finance leases to customers made by the Bank and its subsidiaries are as follows:

<i>Classification</i>	<i>Balance</i> <i>VND million</i>	<i>Specific</i> <i>provision</i> <i>VND million</i>	<i>General</i> <i>provision</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Current	196,855,566	-	1,482,476	1,482,476
Special mention	2,429,607	46,595	18,123	64,718
Sub-standard	1,742,786	16,497	9,267	25,764
Doubtful	616,417	52,065	4,421	56,486
Loss	3,940,232	832,862	-	832,862
	205,584,608	948,019	1,514,287	2,462,306

Changes in provision for credit losses during the current year are as follows:

	<i>Specific</i> <i>provision</i> <i>VND million</i>	<i>General</i> <i>provision</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Beginning balance	883,833	1,372,959	2,256,792
Provision charged during the period	272,637	141,029	413,666
Provision used to resolve debts sold to VAMC from January to November (Note 13.(v))	(209,012)	-	(209,012)
Foreign exchange differences	561	299	860
Balance as at 30 November 2016	948,019	1,514,287	2,462,306
Provision charged in December	4,069	1,614	5,683
Provision used to resolve debts in December	(36,346)	(366)	(36,712)
Foreign exchange differences	212	99	311
Ending balance	915,954	1,515,634	2,431,588

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

12.2 Provision for loans and finance leases to customers (continued)

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

12.3 Provision for special bonds issued by VAMC

Movements of provision for special bonds issued by VAMC during the year following to the Restructuring Plan approved by the SBV (Note 3.4) are as follows:

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Beginning balance	1,378,545	232,346
Provision charged during the year	271,414	1,170,113
Provision used to resolve debts during the year	(278)	(23,914)
Ending balance	1,649,681	1,378,545

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13. INVESTMENT SECURITIES

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Available-for-sale securities	27,589,161	25,109,203
Debt securities	27,221,580	24,696,372
Issued by the Government (i)	27,045,792	24,520,195
Issued by domestic credit institutions (ii)	175,788	176,177
Equity securities	367,581	412,831
Issued by domestic credit institutions (iii)	264,832	264,832
Issued by domestic economic entities	102,195	147,452
Issued by foreign economic entities	554	547
Held-to-maturity securities	39,292,300	16,148,253
Issued by domestic economic entities (iv)	1,000,000	1,000,000
Special bonds issued by VAMC (v)	37,300,913	14,142,479
Government bonds (vi)	991,387	1,005,774
Provision for investment securities	(1,848,320)	(1,579,400)
Available-for-sale securities	(191,139)	(193,355)
Special bonds issued by VAMC	(1,649,681)	(1,378,545)
Held-to-maturity securities	(7,500)	(7,500)
	65,033,141	39,678,056

- (i) Government bonds have terms from 2 to 5 years and bear interest at rates from 5.00% to 12.15% p.a, interest is paid annually. Some bonds amounting to VND9,636,738 million have been pledged for security of borrowings obtained from other credit institutions and for the limits granted on transactions with the SBV (Note 36.2). As at 31 December 2016, total borrowings from other credit institutions which have been pledged by government bonds amounted to VND1,985,000 million (Note 18.2).
- (ii) Bonds issued by Vietnam Development Bank have terms from 10 to 15 years and bear interest at rates from 8.50% to 9.00% p.a. Interest is paid annually. Some bonds amounting to VND160,785 million have been pledged for the limit granted on transactions with the SBV (Note 36.2).
- (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 resolution of these investments according to the Restructuring Plan as approved by the SBV (Note 3.4).
- (iv) This represents a 5-year corporate bond which bears interest rate of 9.75% p.a and will mature on 30 December 2018.

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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	14,142,479	4,935,128
Increase due to the merger of Southern Commercial Joint Stock Bank	-	1,914,451
Increase during the year	23,471,119	7,619,029
Decrease during the year	(312,685)	(326,129)
Ending balance	37,300,913	14,142,479

During the year, the Bank and its subsidiaries have sold some debts to VAMC amounting to VND23,680,131 million and used a corresponding provision for credit losses amounting to VND209,012 million (Note 12.2) in exchange for special bonds issued by VAMC amounting to VND23,471,119 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	27,221,580	24,696,372
Listed	27,221,580	24,696,372
Equity securities	367,581	412,831
Listed	65,198	75,623
Unlisted	302,383	337,208
	27,589,161	25,109,203

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 3.4).

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	991,387	1,005,774
Unlisted	38,300,913	15,142,479
	39,292,300	16,148,253

Saigon Thuong Tin Commercial Joint Stock Bank

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

13.3 Analysis of securities classified as credit risk assets by quality

<i>Classification</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
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:

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Beginning 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
	1,579,400	260,493
Increase from the merger of Southern Commercial Joint Stock Bank		
- Available-for-sale securities	-	71,738
Charged/(reversed) in the year		
- Available-for-sale securities (Note 30)	(2,216)	100,970
- Special bonds issued by VAMC (Note 12.3)	271,414	1,170,113
Used in the year		
- Special bonds issued by VAMC (Note 12.3)	(278)	(23,914)
	268,920	1,318,907
Ending balance		
- Available-for-sale securities	191,139	193,355
- Special bonds issued by VAMC (Note 12.3)	1,649,681	1,378,545
- Other held-to-maturity securities (excluded special bonds issued by VAMC) (Note 12)	7,500	7,500
	1,848,320	1,579,400

14. LONG-TERM INVESTMENTS

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Long-term investments	880,575	897,843
Provision for long-term investments	(360,236)	(303,301)
	520,339	594,542

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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14. LONG-TERM INVESTMENTS (continued)

14.1 Long-term investments

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Investments in other credit institutions		
Unlisted	1,634	1,634
Investments in economic entities		
Listed (i)	438,653	455,762
Unlisted (ii)	440,288	440,447
	<u>880,575</u>	<u>897,843</u>
Provision for long-term investments	<u>(360,236)</u>	<u>(303,301)</u>
	<u>520,339</u>	<u>594,542</u>

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

(ii) Included in investment in unlisted economic entities was an investment in Phuong Nam Jewelry Joint Stock Company received from the merger and the ownership is 9.38%. In addition, as at 31 December 2016, the Bank made advance for an individual to invest in this company with a shareholding of 8.31%. The Bank has made a full provision and is pending resolution to reduce the ownership rate to under 11% in accordance with the regulations of the SBV (Note 16.1).

14.2 Provision for impairment of long-term investments

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

	<i>Current year</i> VND million	<i>Previous year</i> VND million
Beginning balance	303,301	136,236
Increase due to the merger	-	10,638
Provision charged during the year (Note 33)	56,935	156,427
Ending balance	<u>360,236</u>	<u>303,301</u>

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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	4,078,136	1,763,719	549,861	161,955	6,553,671
Newly purchase	4,342	49,953	6,788	28,447	89,530
Increase from upgrading	-	3,932	-	-	3,932
Transferred from construction in progress and advances for purchases of fixed assets (Note 16.1)	102,004	115,661	8,960	803	227,428
Transfer from foreclosed assets	12,710	-	-	-	12,710
Transfer from finance lease (Note 15.2)	-	-	596	-	596
Reclassification	-	(763)	763	-	-
Other increase	-	-	-	306	306
Disposals	(20,876)	(10,782)	(1,384)	(3,078)	(36,120)
Foreign exchange differences	4,132	284	224	266	4,906
Ending balance	<u>4,180,448</u>	<u>1,922,004</u>	<u>565,808</u>	<u>188,699</u>	<u>6,856,959</u>
Accumulated depreciation					
Beginning balance	600,041	1,092,789	254,517	75,888	2,023,235
Depreciation charges	113,821	167,445	45,466	15,375	342,107
Depreciation charges to Science and Technology Development Fund	-	3,894	-	-	3,894
Transfer from finance lease (Note 15.2)	-	-	596	-	596
Reclassification	-	(746)	746	-	-
Disposals	(6,263)	(8,867)	(1,191)	(2,347)	(18,668)
Other increase	-	-	-	306	306
Foreign exchange differences	1,013	253	166	247	1,679
Ending balance	<u>708,612</u>	<u>1,254,768</u>	<u>300,300</u>	<u>89,469</u>	<u>2,353,149</u>
Net book value					
Beginning balance	<u>3,478,095</u>	<u>670,930</u>	<u>295,344</u>	<u>86,067</u>	<u>4,530,436</u>
Ending balance	<u>3,471,836</u>	<u>667,236</u>	<u>265,508</u>	<u>99,230</u>	<u>4,503,810</u>

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

15.1 *Tangible fixed assets* (continued)

Included in the machines and equipment balance are the assets financed by Science and Technology Development Fund 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 Fund. Accordingly, the depreciation of these assets is funded by the Science and Technology Development Fund.

Other information on tangible fixed assets:

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
- Net carrying value of tangible fixed assets that are temporarily not in use	93,283	12,715
- Fully depreciated tangible fixed assets that are still in use	549,699	442,503

15.2 *Finance lease*

	<i>Vehicles</i> <i>VND million</i>
Cost	
Beginning balance	596
Other increase	-
Transferred to tangible fixed assets after the leasing period (Note 15.1)	(596)
Ending balance	-
Accumulated depreciation	
Beginning balance	526
Depreciation charges	70
Transferred to tangible fixed assets after the leasing period (Note 15.1)	(596)
Ending balance	-
Net book value	
Beginning balance	<u>70</u>
Ending balance	<u>-</u>

Saigon Thuong Tin Commercial Joint Stock Bank

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

15.3 Intangible fixed assets

	<i>Land use rights VND million</i>	<i>Computer software VND million</i>	<i>Other intangible fixed assets VND million</i>	<i>Total VND million</i>
Cost				
Beginning balance	3,350,406	738,349	484	4,089,239
Newly purchased	-	5,753	-	5,753
Increase from upgrading	166	-	-	166
Transferred from construction in progress and advances for purchases of fixed assets (Note 16.1)	41,430	57,005	-	98,435
Transfer from foreclosed assets	151,900	-	-	151,900
Disposals	(149,435)	-	-	(149,435)
Foreign exchange differences	487	195	-	682
Ending balance	<u>3,394,954</u>	<u>801,302</u>	<u>484</u>	<u>4,196,740</u>
Accumulated amortization				
Beginning balance	117,541	534,145	340	652,026
Amortization charges	25,100	73,796	67	98,963
Foreign exchange differences	-	195	-	195
Ending balance	<u>142,641</u>	<u>608,136</u>	<u>407</u>	<u>751,184</u>
Net book value				
Beginning balance	<u>3,232,865</u>	<u>204,204</u>	<u>144</u>	<u>3,437,213</u>
Ending balance	<u>3,252,313</u>	<u>193,166</u>	<u>77</u>	<u>3,445,556</u>

Other information of intangible fixed assets:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
- Net carrying value of intangible fixed assets that are temporarily not in use	1,030,837	21,157
- Fully depreciated intangible fixed assets that are still in use	438,349	353,986

Saigon Thuong Tin Commercial Joint Stock Bank

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

16.1 Receivables

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Constructions in progress and advances for purchases of fixed assets (a)	439,535	426,051
Other receivables (b)	16,504,159	16,749,840
	16,943,694	17,175,891

(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	426,051	660,435
Increase during the year	362,019	377,954
Increase from the merger of Southern Commercial Joint Stock Bank	-	152,981
Transfer to tangible assets (Note 15.1)	(227,428)	(468,159)
Transfer to intangible assets (Note 15.3)	(98,435)	(289,095)
Transferred to deferred expenses and other operating expenses	(22,069)	(2,432)
Other decrease	(603)	(5,633)
Ending balance	439,535	426,051

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

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Ground at 306 - 308 Vuon Lai Street	87,029	87,029
Office building in Tay Ninh province	71,062	71,062
House 47 Hoa Binh, Tan Thoi Hoa Ward, Tan Phu District, HCMC	37,418	37,418
Software for the merged entity	43,205	-
Upgrading Cardpro system	33,589	-
Other construction in progress	167,232	230,542
	439,535	426,051

The Bank and its subsidiaries have entered into agreements to purchase assets and made partial or full payments. As at 31 December 2016, the Bank and its subsidiaries are still under pending implementation of necessary procedures to complete the transfer of ownership in accordance with the current regulations.

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

16.1 Receivables (continued)

(b) Other receivables comprised of:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Internal receivables	1,475,222	1,274,932
Advances for operations (i)	1,037,501	1,032,478
Advance for construction of FICO building (ii)	216,693	216,693
Advance for bonus and welfare (iii)	195,659	-
Others	25,369	25,761
External receivables	15,028,937	15,474,908
Foreclosed assets (iv)	7,984,189	8,603,356
Receivables from purchase and sale of securities (v)	4,512,308	4,524,532
Receivables from disposal of trading securities (vii)	762,630	771,872
Receivables from Southern Jewelry Joint Stock Company (vi)	503,639	503,639
Receivables from card organizations	310,241	119,457
Tax advance (Note 22)	242,188	246,923
Receivables from sale of partial FICO building (viii)	158,204	158,204
Receivables from deposits for office rent	128,777	101,381
Receivables from foreign exchange settlements	83,772	88,081
Receivables from investment in Southern Jewelry Joint Stock Company (ix)	64,800	64,800
Receivables from disposal of convertible bonds of Sacombank Securities Company	41,000	41,000
Margin deposits for commodity future contracts	35,571	36,301
Receivables from the State Budget relating to interest subsidy program	27,535	27,535
Others	174,083	187,827
	16,504,159	16,749,840

Internal receivables include:

- (i) Included in advances for operation are advances for cash supply in ATMs for the New Year amounting to VND913,653 million. These advances have been cleared by branches in early 2017.
- (ii) These operational advances were used to purchase a partial FICO building at 927 Tran Hung Dao, District 5, Ho Chi Minh City. Currently, the Bank is implementing necessary procedures to receive the building ownership.
- (iii) This represents an advance for employees under Announcement No. 327/2016/TB-NS dated 1 February 2016 by the General Director. This advance will be settled after getting approval from the shareholders at the Bank's the Annual General Meeting.

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

16.1 *Receivables* (continued)

External receivables include:

Receivables which are resolved according to the official approvals of the Post-merger Restructuring Plan of the State Bank of Viet Nam (*Note 3.4*) include the following items:

- (iv) These represent assets that the Bank is in the process of transferring the ownership or recovering debts, which include some foreclosed assets amounting to VND6,706,638 million transferred from Southern Commercial Joint Stock Bank as at 31 December 2016.
- (v) 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 VND3,578,618 have been made provision based on the Bank's financial capability during the restructuring period.
- (vi) 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.

Other external receivables include the following items:

- (vii) These represent the remaining receivables from selling securities on credit to customers which were deposited and made partial payment.
- (viii) This represents a receivable incurred in connection with a sale of a partial FICO building at No. 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 partner in accordance with the current regulations.
- (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 (*Note 14.1*).

16.2 *Interest and fees receivable*

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Interest receivable from loans to customers (i)	22,922,786	22,732,268
Interest receivable from investments (ii)	2,321,573	2,385,564
Interest receivable from trust investment (iii)	51,612	51,612
Receivables from swap contracts	13,815	19,118
Interest receivable from due from and loans to other credit institutions	9,847	8,857
Interest receivable from finance lease	9,795	9,213
Interest receivable from purchased debts	3,551	-
Receivables from forward contracts	3,493	717
	25,336,472	25,207,349

- (i) Included in interest receivable from loans to customers as at 31 December 2016 are some interest amounting to VND20,387,051 million. The Bank is allowed to block this interest and make an annual amortization of such blocked interest into the profit and loss based on its financial capacity within a maximum period of 10 years according to the Restructuring Plan (*Note 3.4*).

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

16.2 Interest and fees receivable (continued)

- (ii) Included in interest receivable from investments as at 31 December 2016 are some interest on agreements of purchase and sale of securities (*Note 16.1*) and on some bonds amounting to VND912,556 million and VND224,537 million, respectively, which were received from Southern Commercial Joint Stock Bank upon merger. The Bank is allowed to block these interest at 31 December 2015 and make an annual amortization of such blocked interest into the profit and loss based on its financial capacity within a maximum period of 10 years according to the Restructuring Plan (*Note 3.4*).
- (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 3.4*).

16.3 Other assets

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Foreclosed assets (i)	1,437,065	1,134,718
<i>In which:</i>		
- Real estate	700,522	917,284
- Securities (ii)	730,634	200,525
- Fund certificates	-	6,000
- Others	5,909	10,909
Prepaid expenses (iii)	575,626	593,508
Receivables from an entrustment (iv)	90,000	90,000
Payment between credit institutions	18,385	4,226
Investments in financial lease equipment	26,356	11,140
Other assets	24,456	19,835
	2,171,888	1,853,427

- (i) These represent collaterals of loans to customers which were foreclosed to Bank and its subsidiaries upon writing-off of bad debts including loans and other receivables. The Bank and its subsidiaries have completed procedures to receive the ownership of these assets and are in progress to resolve these foreclosed assets in accordance with regulations stipulated by the SBV.
- (ii) Included in the foreclosed assets as securities were shares of a company amounting to VND680,000 million which were foreclosed by the Bank after purchasing back of the related loans from VAMC on 28 December 2016. The Bank has authorized an individual to hold these shares which represents 84% of the company's charter capital. On 12 May 2017, the Bank signed a contract to sell these shares to a partner and is undertaking necessary procedures to complete the ownership transfer (*Note 31*).
- (iii) 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.
- (iv) 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 3.4*).

Saigon Thuong Tin Commercial Joint Stock Bank

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

16.4 Provision for other assets

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

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Loss		
Receivables from purchase and sale of securities	4,512,308	4,524,532
Receivables from an entrustment	90,000	90,000
	4,602,308	4,614,532

Included in loss debts are some receivables amounting to VND3,668,618 million from receivables from 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 3.4).

Provision for other assets comprises of:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Provision for credit loss		
- <i>Specific provision (Note 12)</i>	143,007	143,007
Provision for receivables and other assets		
- <i>Provision for foreclosed assets</i>	240,126	235,166
- <i>Provision for receivables from securities trading</i>	57,850	57,850
- <i>Provision for other assets</i>	193,951	149,781
	634,934	585,804

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	585,804	433,582
Provision for credit losses during the year (Note 12)	-	143,007
Provision for receivables and other assets during the year (Note 33)	49,130	9,215
Ending balance	634,934	585,804

Saigon Thuong Tin Commercial Joint Stock Bank

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17. BORROWINGS FROM THE STATE BANK OF VIETNAM

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Borrowings through discount, rediscount of valuable papers	3,774,694	-

These borrowings have maturity in January 2017, bear interest rate of 5.00% p.a. and are guaranteed by the Bank's government bonds amounting to VND3,627,034 million.

18. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Due to other credit institutions	3,341,826	657,127
Borrowings from other credit institutions	4,767,826	2,296,946
	8,109,652	2,954,073

18.1 Due to other credit institutions

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Demand deposits	173,280	125,374
In VND	160,019	89,996
In foreign currencies	13,261	35,378
Term deposits	3,168,546	531,753
In VND	2,200,000	-
In foreign currencies	968,546	531,753
	3,341,826	657,127

18.2 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	3,076,502	1,437,993
Borrowings from other foreign and domestic credit institutions in foreign currencies	1,691,324	858,953
<i>In which: Pledged loans (Note 13.(i))</i>	1,985,000	300,000
	4,767,826	2,296,946

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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19. DUE TO CUSTOMERS

19.1 Breakdown by type of deposits

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Demand deposits	38,584,839	33,215,714
Demand deposits in VND	34,710,912	29,523,290
Demand deposits in foreign currencies	3,177,378	3,069,657
Demand savings in VND	153,101	160,592
Demand savings in foreign currencies	543,448	462,175
Term deposits	252,335,223	227,023,511
Term deposits in VND	18,922,954	14,349,738
Term deposits in foreign currencies	2,508,109	2,133,188
Term savings in VND	225,972,376	201,704,040
Term savings in foreign currencies	4,931,784	8,836,545
Margin deposits	434,250	477,686
Margin deposits in VND	371,473	349,545
Margin deposits in foreign currencies	62,777	128,141
Deposits for specific purposes	104,550	86,182
Deposits for specific purposes in VND	13,074	27,049
Deposits for specific purposes in foreign currencies	91,476	59,133
Margin deposits for other settlement services	194,239	191,652
Margin deposits for other settlement services in VND	188,626	186,689
Margin deposits for other settlement services in foreign currencies	5,613	4,963
	291,653,101	260,994,745

19.2 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	35,749,238	30,568,941
Private enterprises and others	22,859,079	21,573,191
State-owned enterprises	8,605,559	7,029,644
Foreign-invested enterprises	4,284,600	1,966,106
Deposits from individuals	254,436,833	228,856,259
Deposits from other entities	1,467,030	1,569,545
	291,653,101	260,994,745

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20. 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)	1,107,950	1,094,500
SMEFP (ii)	154,911	185,195
ADB (iii)	93,449	147,568
DOSMEP - World Bank - Department of Small and Medium Enterprise Promotion	45,722	-
Rabobank Foundation	2,123	2,830
PROPARCO	-	222,268
FMO	-	118,983
NORFUND	-	21,890
	1,404,155	1,793,234

(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 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 4.92% p.a.

(iii) These borrowings are used to finance in the short, medium and long term in VND to low-income individuals in order to buy and repair their houses with interest rate of 5.52% p.a.

21. OTHER LIABILITIES

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Payables for internal activities	44,909	90,471
Bonus and welfare funds	25,790	77,637
Payables to employees	653	700
Other payables	18,466	12,134
Payables for external activities	1,266,348	1,009,736
Payables for card operations	457,527	230,503
Deposit for purchase of foreclosed assets	129,921	105,695
Payables to customers	124,222	78,183
Payables to foreign remittance companies	103,070	104,298
Tax and other payables to Government budget (Note 22)	85,281	88,937
Unearned income	42,023	39,900
Payables pending for payment	24,100	23,383
Science and Technology Development Fund	15,731	19,625
Dividend payables (Note 23.4)	10,199	10,774
Others	274,274	308,438
	1,311,257	1,100,207

Saigon Thuong Tin Commercial Joint Stock Bank

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

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

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Beginning balance	77,637	62,166
Profit appropriation to the fund during the year (Note 23.1)	14,428	288,043
Increase from the merger of Southern Commercial Joint Stock Bank	-	525
Others	2	73
Utilization	(66,277)	(273,170)
Ending balance	25,790	77,637

22. STATUTORY OBLIGATIONS

	<i>Movements during the year</i>				<i>Ending balance</i> <i>VND million</i>
	<i>Beginning balance</i> <i>VND million</i>	<i>Payables</i> <i>VND million</i>	<i>Paid</i> <i>VND million</i>	<i>Adjustment</i> <i>VND million</i>	
Value added tax	19,686	289,231	(283,904)	-	25,013
Corporate income tax	(230,302)	75,531	(38,545)	(26,331)	(219,647)
Other tax	52,630	171,749	(186,652)	-	37,727
	(157,986)	536,511	(509,101)	(26,331)	(156,907)
<i>In which:</i>					
<i>Tax advance</i> (Note 16.1)	(246,923)				(242,188)
<i>Tax and other</i> <i>payables to</i> <i>Government budget</i> (Note 21)	88,937				85,281

Corporate income tax ("CIT") expense

The Bank and its subsidiaries have the obligation to pay corporate income tax at the rate of 20% of taxable profit for the current year (previous year: 22%). Sacombank (Cambodia) Plc. have the obligation to pay corporate income tax at the rate of 20% of taxable profit occurred in Cambodia (previous year: 20%). Sacombank (Lao) Plc. have the obligation to pay corporate income tax at the rate of 24% of taxable profit occurred in Lao.

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

Corporate income tax expense comprised of:

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Current tax expense	74,744	235,928
Adjustment for under accrual of tax from prior years	787	6,930
Deferred income tax	(8,549)	(12,622)
	66,982	230,236

Saigon Thuong Tin Commercial Joint Stock Bank

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

Corporate income tax ("CIT") (continued)

Current corporate income tax

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

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

	<i>Current year</i> VND million	<i>Previous year</i> VND million
Accounting profit before tax	155,591	878,155
Adjustments for consolidation of financial statements	142,876	55,553
Accounting profit before tax before adjustments for consolidation of financial statements	298,467	933,708
<i>In which:</i>		
<i>The Bank</i>	97,259	698,113
<i>Subsidiaries</i>	201,208	235,595
CIT at applied CIT rate		
<i>In which:</i>		
<i>The Bank</i>	19,452	153,585
<i>Subsidiaries</i>	42,664	54,087
<i>Adjustments to increase:</i>		
Unrealized foreign exchange loss for the current year	40,301	17,645
Other non-deductible expenses	6,742	6,535
Provision expense for other assets and investments	6,402	56,980
Non-deductible from subsidiaries	5,157	-
<i>Adjustment to decrease:</i>		
Other exempt income	(34,336)	(37,393)
Realized foreign exchange loss of the previous year	(14,874)	(5,740)
Tax deduction from Southern Commercial Joint Stock Bank	(1,379)	-
Prior year loss transfer from subsidiaries	-	(9,920)
Estimate CIT expense in the year	70,129	235,779
Tax expense for land use rights transfer	4,615	149
	74,744	235,928
Additional tax paid from 2013 and 2014	787	6,930
Current CIT expense for the year	75,531	242,858

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

Corporate income tax ("CIT") (continued)

Deferred corporate income tax

Changes in deferred tax assets and effects on the consolidated income statement of the Bank and its subsidiaries are as follows:

	<u>Consolidated balance sheet</u>		<u>Consolidated income statement</u>	
	<u>Ending balance VND million</u>	<u>Beginning balance VND million</u>	<u>Current year VND million</u>	<u>Previous year VND million</u>
Deferred tax assets				
Provision for investments and others assets	106,316	94,588	10,605	35,012
Provision for severance allowance	-	-	-	(1,031)
	106,316	94,588		
Deferred tax payables				
Depreciation differences	(399)	-	(395)	-
Accumulated loss from subsidiaries and other assets	(23,020)	(21,359)	(1,661)	(21,359)
	(23,419)	(21,359)		
Net deferred tax expense charged to consolidated income statement			8,549	12,622

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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23. OWNERS' EQUITY

23.1 Statement of changes in owners' equity

	Charter capital VND million	Fund for capital expenditu reVND million	Share premium VND million	Treasury shares VND million	Other capital VND million	Development and investment reserve VND million	Financial reserve VND million	Capital supplem- entary reserve VND million	Foreign currency translation reserve VND million	Retained earnings VND million	Total VND million
Beginning balance	18,852,157	1,121	63,612	(750,911)	653	118,124	1,442,957	858,752	229,077	1,264,953	22,080,495
Net profit for the year	-	-	-	-	-	-	-	-	-	88,609	88,609
Appropriation to reserves	-	-	-	-	-	415	10,398	4,653	-	(15,466)	-
Utilization of reserves	-	-	-	-	-	-	(4,894)	-	-	-	(4,894)
Foreign currency translation reserve	-	-	-	-	-	-	-	-	24,908	-	24,908
Appropriation to Bonus and Welfare Fund (Note 21)	-	-	-	-	-	-	-	-	-	(14,428)	(14,428)
Tax reverse of Southern Commercial Joint Stock Bank in 2015	-	-	-	-	-	-	-	-	-	16,457	16,457
Others	-	-	-	-	-	-	-	-	-	787	787
Ending balance	18,852,157	1,121	63,612	(750,911)	653	118,539	1,448,461	863,405	253,985	1,340,912	22,191,934

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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23. OWNERS' EQUITY (continued)

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

Details of shares issued by the Bank are as follows:

	<i>Ending balance</i>	<i>Beginning balance</i>
	<i>Unit</i>	<i>Unit</i>
Number of authorized shares	1,885,215,716	1,885,215,716
Number of issued shares	1,885,215,716	1,885,215,716
<i>Ordinary shares</i>	1,885,215,716	1,885,215,716
Number of treasury shares	(81,562,287)	(81,562,287)
<i>Ordinary shares</i>	(81,562,287)	(81,562,287)
Number of outstanding shares	1,803,653,429	1,803,653,429
<i>Ordinary shares</i>	1,803,653,429	1,803,653,429

23.2 *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 and 2016. Such reserves will be made in 2017 after getting approval of the shareholders at the Annual General Meeting and the SBV.

23.3 *Subsidiaries' reserves*

The appropriation of reserves at subsidiaries are made according to the Bank's decision in each period and in accordance with the regulations in Vietnam and the countries in which the Bank's subsidiaries are operating.

Sacombank (Cambodia) Plc. does not make any reserve in accordance with law in the country where it is operating.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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23. OWNERS' EQUITY (continued)

23.4 Dividends

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Beginning balance	10,774	7,088
Increase from the merger	-	4,321
Payable to minor shares in year	-	63
Dividend paid in the year	<u>(575)</u>	<u>(698)</u>
Ending balance	<u>10,199</u>	<u>10,774</u>

24. BASIC EARNINGS PER SHARE

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

Diluted earnings per share are calculated by dividing the net profit attributable to the ordinary shareholders of the Bank (after adjustment for dividends to convertible preference shares) by the weighted average number of ordinary shares outstanding during the year and the weighted average number of ordinary shares to be issued in the case that all potential ordinary shares, which diluted, are converted into ordinary shares.

Data used in computation of basic earnings per share of the Bank is as follows:

	<i>Current year</i>	<i>Previous year</i>
Net profit after tax (<i>VND million</i>)	88,609	647,919
Net profit after tax attributable to ordinary shareholders (<i>VND million</i>)	88,609	647,919
Weighted average number of outstanding ordinary shares in the year (<i>shares</i>)	1,803,653,429	1,458,564,556
Basic earnings per share (<i>VND</i>)	49	444

No diluted earnings per share are computed as there is no event or condition which have effect on the dilution of earnings per share.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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25. 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	15,300,182	13,296,220
Interest income from investments in debt securities	1,853,310	1,957,797
- <i>Interest income from trading securities</i>	26,617	258,817
- <i>Interest income from investments securities</i>	1,826,693	1,698,980
Interest income from deposits	161,296	186,047
Income from guarantee services	177,157	161,196
Income from finance leases	150,192	149,544
Income from purchased debts	14,653	-
Income from other credit activities	211,612	142,046
	17,868,402	15,892,850

26. INTEREST AND SIMILAR EXPENSES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Interest expense on deposits	13,459,009	8,987,437
Interest expense on borrowings	179,981	169,441
Interest expense on valuable papers	2	7
Interest expense from other activities	208,713	160,858
	13,847,705	9,317,743

27. NET FEE AND COMMISSION INCOME

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Fee and commission income	2,112,833	1,740,796
Income from settlement services	658,984	572,312
Income from treasury services	309,038	265,743
Income from warehouse leases	198,580	182,093
Income from remittance services	39,344	47,379
Income from other services	906,887	673,269
Fee and commission expenses	(682,789)	(569,533)
Expenses from settlement services	(294,370)	(205,098)
Expenses from postal and communication	(155,151)	(120,060)
Expenses from brokerage services	(64,504)	(66,989)
Expenses from treasury services	(30,635)	(30,854)
Depreciation expenses	(47,945)	(65,202)
Expenses from other services	(90,184)	(81,330)
	1,430,044	1,171,263

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28. NET GAIN FROM FOREIGN EXCHANGE AND GOLD TRADING

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Income from foreign exchange	676,034	1,497,833
Income from spot foreign exchange	357,785	292,859
Income from gold trading	226,737	33,293
Income from currency derivatives	91,512	1,171,681
Expenses from foreign exchange	(411,006)	(1,338,991)
Expenses from spot foreign exchange	(42,570)	(98,422)
Expenses from gold trading	(17,858)	(26,377)
Expenses from currency derivatives	(152,298)	(1,139,822)
Loss from revaluation of foreign currencies, gold and derivative financial instruments	(198,280)	(74,370)
	265,028	158,842

29. NET (LOSS)/GAIN FROM DEALING OF HELD-FOR-TRADING SECURITIES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Expense from dealing of held-for-trading securities	(14,527)	(8,125)
Provision reversal for held-for-trading securities (Note 8)	13,774	19,580
	(753)	11,455

30. NET GAIN/(LOSS) 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	59,848	9,647
Expense from dealing of investment securities	(16,229)	(8,155)
Provision reversal/(charged) for investment securities (Note 13.4)	2,216	(100,970)
	45,835	(99,478)

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31. 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	747,616	479,034
Income from recovery of written-off bad debts and special bonds issued by VAMC	602,999	424,576
Income from disposals of fixed assets	19,614	-
Income from disposal of foreclosed assets	15,748	-
Dividends from foreclosed securities	12,696	-
Other income	96,559	54,458
Other operating expenses	(10,652)	(20,182)
Expenses from disposal of fixed assets	(128)	(3,464)
Other expenses	(10,524)	(16,718)
	736,964	458,852

Included in income from recovery of written-off bad debts and special bonds issued by VAMC was an income of VND546,248 million related to foreclosed securities of a customer which was foreclosed by the Bank on 28 December 2016 (*Note 16.3*).

32. 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 during the year	32,152	12,675
- <i>From trading securities</i>	1,303	2,764
- <i>From investment securities</i>	10,747	2,464
- <i>From other long-term investments</i>	20,102	7,447
Income from disposal of long-term investments	190	-
	32,342	12,675

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33. OPERATING EXPENSES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Taxes and other fees	113,317	78,998
Personnel expenses	3,110,710	2,858,094
<i>In which:</i>		
- <i>Salary and allowances</i>	2,747,354	2,593,031
- <i>Salary-related allowances</i>	270,162	214,313
- <i>Allowances</i>	69,375	29,871
- <i>Uniform allowances</i>	23,819	20,879
Asset expenditures	1,210,993	1,080,196
<i>In which:</i>		
- <i>Depreciation and amortization charges</i>	392,455	333,024
Other operating expense	792,697	738,023
<i>In which:</i>		
- <i>Business trip expense</i>	24,861	32,046
Insurance expenses for customer deposits	344,541	233,594
Provision expenses for long-term investment (Note 14.2)	56,935	156,427
Provision expense for other assets (Note 16.4)	49,130	9,215
	5,678,323	5,154,547

34. CASH AND CASH EQUIVALENTS

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

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Cash, gold and precious stones	5,872,975	6,586,478
Balances with central banks	8,954,312	7,497,267
Demand deposits with other credit institutions	1,179,276	1,663,968
Due from and loans to other credit institutions with term under three months	1,192,804	543,900
	17,199,367	16,291,613

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35. EMPLOYEES' INCOME

	<u>Current year</u>	<u>Previous year</u>
I. Total average number of employees (persons)	16,872	13,936
II. Employees' income (VND million)		
1. Total salary and advances	2,752,931	2,331,880
2. Bonuse	250,560	799,206
3. Total income (1+2)	<u>3,003,491</u>	<u>3,131,086</u>
4. Average salary per month (VND/person)	<u>13,597,138</u>	<u>13,943,982</u>
5. Average income per month (VND/person)	<u>14,834,692</u>	<u>18,723,008</u>

36. COLLATERALS AND MORTGAGES

36.1 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:

	<u>Ending balance VND million</u>	<u>Beginning balance VND million</u>
Real estate properties	272,861,101	260,394,418
Valuable papers	3,149,150	27,942,802
Transportation vehicles	20,224,815	14,821,021
Machines and equipment	32,960,209	4,277,581
Inventories	5,148,331	4,280,556
Other assets	37,723,286	15,096,536
	<u>372,066,892</u>	<u>326,812,914</u>

36.2 Assets and valuable papers pledged, discounted and re-discounted at other credit institutions

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

	<u>Ending balance VND million</u>	<u>Beginning balance VND million</u>
Government bonds (Note 13)	9,636,738	1,094,557
Bonds issued by domestic credit institutions (Note 13)	160,785	161,145
	<u>9,797,523</u>	<u>1,255,702</u>

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37. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

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

Commercial at sight letters of credit represent a financing transaction by the Bank and its subsidiaries to their 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 and its subsidiaries as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank and its subsidiaries to pay the beneficiaries and to fulfil the guarantor obligation.

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

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

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37. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

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

The currency trading commitments are commitments to purchase, sell at spot and currency swap commitments. Commitments to purchase, sell at spot are commitments to purchase, sell currency according to exchange rate dealt and payment within 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 commitments and contingent liabilities are as follows:

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Letters of credit	9,281,484	6,623,786
Derivatives commitment	12,049,416	14,423,048
- <i>Commitments on buying foreign currencies</i>	282,991	2,537,450
- <i>Commitments on selling foreign currencies</i>	521,615	1,970,586
- <i>Commitments on swap</i>	11,244,810	9,915,012
Guarantees for borrowings	34,126	32,404
Other guarantees	4,606,175	3,912,523
Other commitments	-	11,271
	<u>25,971,201</u>	<u>25,003,032</u>
Less: Margin deposits	(294,817)	(342,543)
Contingent liabilities and commitments	<u>25,676,384</u>	<u>24,660,489</u>

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

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Current loans	13,921,785	10,579,984
<i>In which:</i>		
- <i>Letters of credit</i>	9,281,484	6,623,786
- <i>Guarantees for borrowings</i>	34,126	32,404
- <i>Other guarantees</i>	4,606,175	3,912,523
- <i>Other commitments</i>	-	11,271

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38. RELATED PARTY TRANSACTIONS

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

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - ▶ 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 and its subsidiaries that gives it significant influence over the Bank and its subsidiaries;
 - ▶ has joint control over the Bank and its subsidiaries;
- (b) The party is a joint venture in which the Bank and its subsidiaries are 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 and its subsidiaries;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is, directly or indirectly, controlled, jointly controlled or significantly influenced by, or of which, significant voting power in such entity resides with any individual referred to in (c) or (d).

Significant transactions with related parties for the year are as follows:

<u>Related party</u>	<u>Transactions</u>	<u>Current year VND million</u>	<u>Previous year VND million</u>
Key management	Interest income from loans	2,176	1,666
	Interest expenses on deposits	(4,965)	(4,317)
	Fee and commission income	48	-
	Post-tax remuneration of members of the Board of Director and Board of Supervisors	(15,554)	(32,266)
	Post-tax income of members of the Board of Management	(89,483)	(95,378)
Related parties of key management	Interest income from loans	1,907	13,486
	Interest expenses on deposits	(6,595)	(3,940)
	Fee and commission income	53	-
Main shareholders (own more than 5% of the Bank's charter capital)	Interest expenses on borrowings	(202)	-
	Gain from foreign currency trading	546	-
	Loss from foreign currency trading	(15,854)	-
	Other income	-	3,269
	Other expense	-	(20,345)
Related parties to main shareholders	Interest income from loans	-	2,841
	Interest expenses on deposits	(1,197)	(2,081)
	Fee and commission income	14	-

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38. 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>
Key management	Loans	419,002	435,281
	Deposits	(115,680)	(123,880)
	Other receivables	238,086	238,086
	Other payables	(824)	-
Related parties of key management	Loans	26,634	22,248
	Deposits	(120,271)	(81,251)
	Other receivables	112	-
	Other payables	(1,480)	-
Related parties to major shareholders	Deposits	(9,959)	(88,532)

39. 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 2016			
Due from and loans to other credit institutions - gross	1,565,457	919,431	2,484,888
Derivatives and other financial assets (Nominal amount)	6,067,663	805,455	6,873,118
Loans and finance leases to customers - gross	194,651,543	4,208,122	198,859,665
Purchased debts - gross	757,528	-	757,528
Trading and investment securities - gross	66,986,531	554	66,987,085
Long-term investments - gross	880,575	-	880,575
Liabilities as at 31 December 2016			
Borrowings from State Bank of Vietnam	3,774,694	-	3,774,694
Due to and borrowings from other credit institutions	5,744,440	2,365,212	8,109,652
Due to customers	288,353,049	3,300,052	291,653,101
Grants, entrusted funds and loans exposed to risks	248,360	1,155,795	1,404,155
Valuable papers issued	600	-	600
Off-balance-sheet commitments as at 31 December 2016			
	23,845,141	1,831,243	25,676,384

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40. SEGMENT REPORT

40.1 Main segment report: by geographical region

Information on income, expenses, assets and liabilities by geographical region of the Bank and its subsidiaries as at 31 December 2016 is as follows:

	South VND million	North VND million	Central VND million	Laos VND million	Cambodia VND million	Total segment reported VND million	Eliminations VND million	Total VND million
Interest and similar income	21,391,565	4,609,618	2,064,532	176,628	131,934	28,374,277	(10,505,875)	17,868,402
Interest and similar expenses	(19,863,334)	(3,115,351)	(1,226,411)	(80,069)	(68,415)	(24,353,580)	10,505,875	(13,847,705)
Net interest and similar income	1,528,231	1,494,267	838,121	96,559	63,519	4,020,697	-	4,020,697
Non-interest income	2,175,921	206,917	79,493	13,445	33,684	2,509,460	-	2,509,460
TOTAL OPERATING INCOME	3,704,152	1,701,184	917,614	110,004	97,203	6,530,157	-	6,530,157
TOTAL OPERATING EXPENSES	(4,336,007)	(866,952)	(305,465)	(73,711)	(96,188)	(5,678,323)	-	(5,678,323)
Profit before credit loss expenses	(631,855)	834,232	612,149	36,293	1,015	851,834	-	851,834
Credit loss expenses	(668,684)	-	-	(15,914)	(11,645)	(696,243)	-	(696,243)
PROFIT BEFORE TAX	(1,300,539)	834,232	612,149	20,379	(10,630)	155,591	-	155,591
Corporate income tax expenses	(53,354)	-	-	(4,865)	(8,763)	(66,982)	-	(66,982)
PROFIT AFTER TAX	(1,353,893)	834,232	612,149	15,514	(19,393)	88,609	-	88,609
ASSETS								
Due from and loans to other credit institutions	2,802,175	7,436	713	227,548	(553,536)	2,484,336	-	2,484,336
Loans and finance leases to customers	143,264,292	30,769,612	18,270,902	1,644,070	2,479,201	196,428,077	-	196,428,077
Purchased debts	751,748	-	-	-	-	751,748	-	751,748
Investments	65,642,817	-	-	-	554	65,643,371	-	65,643,371
Other assets	61,886,726	2,427,463	1,229,080	712,184	1,021,976	67,277,429	(561,918)	66,715,511
TOTAL ASSETS	274,347,758	33,204,511	19,500,695	2,583,802	2,948,195	332,584,961	(561,918)	332,023,043
LIABILITIES								
Borrowings from the SBV	3,774,694	-	-	-	-	3,774,694	-	3,774,694
Due to and borrowings from other credit institutions	6,691,917	40,148	5,043	216,414	1,156,130	8,109,652	-	8,109,652
Due to customer	210,065,109	61,493,658	17,273,153	1,320,213	1,500,968	291,653,101	-	291,653,101
Other liabilities	5,328,991	1,116,178	277,724	87,216	45,471	6,855,580	(561,918)	6,293,662
TOTAL LIABILITIES	225,860,711	62,649,984	17,555,920	1,623,843	2,702,569	310,393,027	(561,918)	309,831,109

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40. SEGMENT REPORT (continued)

40.2 *Secondary segment report: by business sector*

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

Individual customers and corporate customers:	The products and services provided to individual and corporate clients include: <ul style="list-style-type: none">- customer deposits;- loans and advances 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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40. SEGMENT REPORT (continued)

40.2 Secondary segment report: by business sector (continued)

Information on assets and liabilities of the business sectors of the Bank and its subsidiaries as at 31 December 2016 is as follows:

	<i>Individual and corporate customers VND million</i>	<i>Investments VND Million</i>	<i>Interbank VND Million</i>	<i>Un-allocated general activities VND million</i>	<i>Total VND Million</i>
ASSETS					
Cash, gold and precious stones	-	-	-	5,872,975	5,872,975
Balances with central banks	-	-	8,954,312	-	8,954,312
Due from and loans to other credit institutions	-	-	2,484,336	-	2,484,336
Trading securities	-	89,891	-	-	89,891
Derivatives and other financial assets	-	-	15,422	-	15,422
Loans and finance leases to customers	196,428,077	-	-	-	196,428,077
Purchased debts	751,748	-	-	-	751,748
Investment securities	-	65,033,141	-	-	65,033,141
Long-term investments	-	520,339	-	-	520,339
Fixed assets	-	-	-	7,949,366	7,949,366
Other assets	29,876,390	2,353,474	39,764	11,653,808	43,923,436
TOTAL ASSETS	227,056,215	67,996,845	11,493,834	25,476,149	332,023,043
LIABILITIES					
Borrowings from the SBV	-	-	3,774,694	-	3,774,694
Due to and borrowings from other credit institutions	-	-	8,109,652	-	8,109,652
Due to customers	291,653,101	-	-	-	291,653,101
Grants, entrusted funds and loans exposed to risks	-	-	1,404,155	-	1,404,155
Valuable papers issued	600	-	-	-	600
Other liabilities	4,652,709	-	39,436	196,762	4,888,907
TOTAL LIABILITIES	296,306,410	-	13,327,937	196,762	309,831,109

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

41. RISK MANAGEMENT POLICY FOR FINANCIAL INSTRUMENTS

Risk is inherent in the Bank and its subsidiaries' activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank and its subsidiaries' continuing profitability and each individual within the Bank and its subsidiaries is accountable for the risk prevention within their responsibilities. The Bank and its subsidiaries are exposed to credit risk, liquidity risk and market risk (then being subdivided into trading and non-trading risks). 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 and its subsidiaries' strategic planning process.

(i) Risk management structure

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

(ii) Board of Management

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

(i) Risk Management Committee

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

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

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

(iv) Board of Supervisors

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

(v) Internal Audit

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

(vi) Risk measurement and reporting systems

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

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

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41. RISK MANAGEMENT POLICY FOR FINANCIAL INSTRUMENTS (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 Management, Board of Directors, and the department heads. The report includes aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Board of Directors assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Board of Directors receives a comprehensive risk report quarterly which is designed to provide all the necessary information to assess and conclude on the risks of the Bank and its subsidiaries.

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

(vii) Risk mitigation

The Bank and its subsidiaries actively use collaterals to reduce 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 and its subsidiaries' performance to the developments of a particular industry or geographic allocation.

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

42. CREDIT RISK

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

The Bank and its subsidiaries manage and control credit risk by setting limits on the amount of risk 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 and its subsidiaries have established a credit quality review process to provide early identification of possible changes in the financial position and creditworthiness of counterparties 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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42. CREDIT RISK (continued)

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

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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Credit risk exposures of balance sheet items		
Due from and loans to other credit institutions	2,484,888	2,208,420
Derivatives financial instruments	15,422	-
Loans and finance leases to customers		
- Individuals	104,075,084	89,680,646
- Corporates	94,784,581	96,236,167
Purchased debts	757,528	300
Investment securities		
- Debt securities – available-for-sale	175,788	176,177
- Debt securities – held-to-maturity	38,300,913	15,142,479
Other financial assets	32,269,515	31,920,251
Credit risk exposures of off-balance sheet items		
Financial guarantees	4,640,301	3,944,927
Letter of credit	9,281,484	6,623,786
Other commitments	-	11,271

This table presents the worst scenario which the Bank and its subsidiaries will incur the maximum credit exposures as at 31 December 2016 and 2015, without taking into account of any collateral held or their credit enhancements.

42.2 Financial assets neither past due nor impaired

The Bank and its subsidiaries' financial assets which are neither past due nor impaired include loans and finance leases to customers classified as Group 1 (Current) in accordance with Circular 02 and Circular 09; securities, receivables and other financial assets which are not past due and no provision is required in accordance with Circular 228 and Circular 89 except for loans classified as Group 1 amounting to VND8,379,580 million (*Note 10.1*) and some accrued interest receivables which were blocked and amortized into the profit and loss (*Note 16.2*) according to the Restructuring Plan as approved by the SBV.

42.3 Financial assets past due but not impaired

The age of financial assets past due but not impaired as at 31 December 2016 is presented below:

	<i>Overdue</i>				Total VND million
	<i>Less than 90 days VND million</i>	<i>From 91 to 180 days VND million</i>	<i>From 181 to 360 days VND million</i>	<i>Over 360 days VND million</i>	
Loans and finance leases to customers	124,293	7,997	3,318	4,017	139,625
Receivables	2,654	3,456	-	-	6,110
	126,947	11,453	3,318	4,017	145,735

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42. CREDIT RISK (continued)

42.3 *Financial assets past due but not impaired* (continued)

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

43. MARKET RISKS

43.1 *Interest rate risk*

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

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

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, gold and precious stones; 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 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 and finance leases to customers; borrowings from the Government and SBV; placements from other credit institutions and borrowings from other credit institutions; customer deposits 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 and its subsidiaries' assets and liabilities as at 31 December 2016.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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43. MARKET RISKS (continued)

43.1 Interest rate risk (continued)

	Overdue VND million	Non-interest bearing VND million	Interest re-pricing period					Over 5 years VND million	Total VND million
			Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million		
Assets									
Cash, gold and precious stones	-	5,872,975	-	-	-	-	-	-	5,872,975
Balances with central banks	-	292,370	8,661,942	-	-	-	-	-	8,954,312
Due from and loans to other credit institutions - gross	552	-	2,229,276	170,868	84,192	-	-	-	2,484,888
Trading securities - gross	-	105,624	-	-	-	-	-	-	105,624
Derivatives and financial assets	-	15,422	-	-	-	-	-	-	15,422
Loans and finance leases to customers - gross	4,664,116	20,055,573	62,324,256	105,573,892	896,892	1,205,745	3,156,587	982,604	198,859,665
Purchased debts - gross	-	-	-	757,528	-	-	-	-	757,528
Investment securities - gross	-	37,668,494	1,251,013	1,833,231	2,408,621	1,960,190	21,709,151	50,761	66,881,461
Long-term investments - gross	-	880,575	-	-	-	-	-	-	880,575
Fixed assets	-	7,949,366	-	-	-	-	-	-	7,949,366
Other assets - gross	1,193,301	43,338,713	-	-	3,926	22,430	-	-	44,558,370
Total assets	5,857,969	116,179,112	74,466,487	108,335,519	3,393,631	3,188,365	24,865,738	1,033,365	337,320,186
Liabilities									
Borrowings from the SBV	-	-	3,774,694	-	-	-	-	-	3,774,694
Due to and borrowings from other credit institutions	-	73	4,488,513	3,349,901	177,272	93,893	-	-	8,109,652
Due to customers	-	627,956	110,657,576	80,272,611	45,555,190	49,541,307	4,950,922	47,539	291,653,101
Grants, entrusted funds and loans exposed to risks	-	-	50,676	1,351,356	-	2,123	-	-	1,404,155
Valuable papers issued	-	-	600	-	-	-	-	-	600
Other liabilities	-	4,888,907	-	-	-	-	-	-	4,888,907
Total liabilities	-	5,516,936	118,972,059	84,973,868	45,732,462	49,637,323	4,950,922	47,539	309,831,109
Interest sensitivity gap	5,857,969	110,662,176	(44,505,572)	23,361,651	(42,338,831)	(46,448,958)	19,914,816	985,826	27,489,077

Interest rate sensitivity

No analysis on interest rate sensitivity was performed at 31 December 2016 due to unavailability of sufficient data and technology.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

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43. MARKET RISKS (continued)

43.2 Currency risk

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

The Bank and its subsidiaries are incorporated and operating in Vietnam with reporting currency as VND. The major currency of its transaction is also VND, some transactions are denominated in gold, USD, EUR and other foreign currencies, except for Sacombank (Lao) Plc. with LAK as trading currency and Sacombank (Cambodian) Plc. with US dollar as principal currency. The Bank and its subsidiaries 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 2016:

	<i>EUR equivalent to VND million</i>	<i>USD equivalent to VND million</i>	<i>Gold equivalent to VND million</i>	<i>Other foreign currencies equivalent to VND million</i>	<i>Total VND million</i>
Assets					
Cash, gold and precious stones	85,344	1,351,877	161,974	375,069	1,974,264
Balances with central banks	-	1,469,434	-	217,264	1,686,698
Due from and loans to other credit institutions - gross	204,085	782,771	-	265,963	1,252,819
Loans and finance leases to customers - gross	-	10,571,591	402,324	1,424,522	12,398,437
Purchase debts - gross	-	757,528	-	-	757,528
Investment securities - gross	-	554	-	-	554
Fixed assets	-	34,781	-	304,041	338,822
Other assets - gross	62	225,918	72,821	42,067	340,868
Total assets	289,491	15,194,454	637,119	2,628,926	18,749,990
Liabilities					
Due to and borrowings from other credit institutions	9	2,532,784	-	140,338	2,673,131
Due to customers	260,059	9,909,526	5,852	1,145,148	11,320,585
Derivatives and financial liabilities	16,291	455,499	-	197,644	669,434
Grants, entrusted funds and loans exposed to risks	-	1,107,950	-	45,723	1,153,673
Valuable papers issued	-	4	-	-	4
Other liabilities	19,017	247,227	-	40,241	306,485
Total liabilities	295,376	14,252,990	5,852	1,569,094	16,123,312
Foreign exchange position on-balance sheet	(5,885)	941,464	631,267	1,059,832	2,626,678
Foreign exchange position off-balance sheet	5,835	(118,453)	(150,609)	24,602	(238,625)
Foreign exchange position on and off - balance sheet	(50)	823,011	480,658	1,084,434	2,388,053

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

43.2 Currency risk (continued)

Foreign currency sensitivity

No analysis on foreign currency sensitivity was performed as at 31 December 2016 due to unavailability of sufficient data and technology.

43.3 Liquidity risk

Liquidity risk is the risk which the Bank and its subsidiaries have difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank and its subsidiaries cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank and its subsidiaries have 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 and its subsidiaries have 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 and its subsidiaries' 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 and advances 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, customer deposits 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 and its subsidiaries' assets and liabilities by relevant maturity based on the remaining period calculated as at 31 December 2016. In fact, these amounts may be rotated, and therefore, they last beyond the original maturity date.

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43. MARKET RISK (continued)

43.3 Liquidity risk (continued)

	Overdue		Current					Total VND million
	Above 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Above 5 years VND million	
Assets								
Cash, gold and precious stones	-	-	5,872,975	-	-	-	-	5,872,975
Balances with central banks	-	-	8,954,312	-	-	-	-	8,954,312
Due from and loans to other credit institutions - gross	552	-	2,229,276	170,868	84,192	-	-	2,484,888
Trading securities - gross	-	-	-	105,624	-	-	-	105,624
Derivatives and financial assets	-	-	15,422	-	-	-	-	15,422
Loans and finance leases to customers - gross	2,994,442	1,669,674	8,343,890	17,434,604	50,114,253	75,834,082	42,468,720	198,859,665
Purchased debts - gross	-	-	-	-	-	-	757,528	757,528
Investment securities - gross	-	-	27,221,580	467,352	891,062	38,300,913	554	66,881,461
Long-term investments - gross	-	-	-	-	-	-	880,575	880,575
Fixed assets	-	-	7,364	922	20,462	531,084	7,389,534	7,949,366
Other assets - gross	1,193,301	-	5,308,369	817,965	2,179,251	10,368,444	24,691,040	44,558,370
Total assets	4,188,295	1,669,674	57,953,188	18,997,335	53,289,220	125,034,523	76,187,951	337,320,186
Liabilities								
Borrowings from the SBV	-	-	3,774,694	-	-	-	-	3,774,694
Due to and borrowings from other credit institutions	-	-	4,488,586	2,376,486	613,204	627,754	3,622	8,109,652
Due to customers	-	-	111,149,780	80,276,125	95,110,317	5,068,870	48,009	291,653,101
Grants, entrusted funds and loans exposed to risks	-	-	50,678	24,984	78,075	1,250,104	314	1,404,155
Valuable papers issued	-	-	600	-	-	-	-	600
Other liabilities - gross	-	-	1,923,996	1,240,002	1,607,531	104,899	12,479	4,888,907
Total liabilities	-	-	121,388,334	83,917,597	97,409,127	7,051,627	64,424	309,831,109
Net liquidity gap	4,188,295	1,669,674	(63,435,146)	(64,920,262)	(44,119,907)	117,982,896	76,123,527	27,489,077

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

43.4 Other market risks

Except for the assets and liabilities presented above, the Bank and its subsidiaries 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.

44. EXPENDITURE, OPERATING LEASE COMMITMENTS AND FIDUCIARY ASSETS

44.1 Expenditure commitments

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Construction costs and office equipment acquisition	88,105	93,963

44.2 Operating lease commitments

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Irrevocable operating lease commitments	2,381,838	2,206,569
<i>In which:</i>		
- Due within one year	343,942	304,360
- Due from one to five years	944,700	803,240
- Due after five years	1,093,196	1,098,969

44.3 Fiduciary assets

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Gold kept on behalf of customers	882,250	1,659,294

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

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

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

Saigon Thuong Tin Commercial Joint Stock Bank

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

Financial assets

Financial assets of the Bank and its subsidiaries within the scope of Circular 210 comprise cash, gold, precious stones, balances with State Bank, due from other credit institutions, loans and finance leases to customers and other credit institutions, 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 these consolidated financial statements, into one of the following categories:

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

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

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

► *Held-to-maturity investments:*

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

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

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

► *Available-for-sale 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.

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

Financial liabilities

Financial liabilities of the Bank and its subsidiaries within the scope of Circular 210 consist of borrowings from the Government and the State Bank, 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 these consolidated financial statements, into one of the following categories:

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

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

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

► *Financial liabilities at amortized cost:*

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

Offsetting financial assets and liabilities

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

Fair value of financial instruments

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

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

Carrying amount and fair value of financial assets and financial liabilities

The carrying amount and fair value of the Bank and its subsidiaries' financial instruments as at 31 December 2016 are presented as below:

	<i>Carrying amount</i>					<i>Total VND million</i>	<i>Fair value VND million</i>
	<i>Trading VND million</i>	<i>Held to maturity VND million</i>	<i>Loans and receivables VND million</i>	<i>Available for sale VND million</i>	<i>Other assets and liabilities at amortized cost VND million</i>		
Cash, gold and precious stones	-	-	-	-	5,872,975	5,872,975	5,872,975
Balances with central banks	-	-	-	-	8,954,312	8,954,312	8,954,312
Due from and loans to other credit institutions	-	-	112,256	-	2,372,080	2,484,336	(*)
Trading securities	89,891	-	-	-	-	89,891	(*)
Derivatives and financial assets	15,422	-	-	-	-	15,422	(*)
Loans and finance leases to customers	-	-	196,428,077	-	-	196,428,077	(*)
Purchased debts	-	-	751,748	-	-	751,748	(*)
Available-for-sale securities	-	-	-	27,398,022	-	27,398,022	(*)
Held-to-maturity securities	-	37,635,119	-	-	-	37,635,119	(*)
Long-term investments	-	-	-	520,339	-	520,339	(*)
Other assets	-	-	-	-	31,950,786	31,950,786	(*)
	105,313	37,635,119	197,292,081	27,918,361	49,150,153	312,101,027	
Borrowings from the SBV	-	-	-	-	3,774,694	3,774,694	(*)
Due to and borrowings from other credit institutions	-	-	-	-	8,109,652	8,109,652	(*)
Due to customers	-	-	-	-	291,653,101	291,653,101	(*)
Grants, entrusted funds and loans exposed to risks	-	-	-	-	1,404,155	1,404,155	(*)
Valuable papers issued	-	-	-	-	600	600	(*)
Other liabilities	-	-	-	-	4,674,796	4,674,796	(*)
	-	-	-	-	309,616,998	309,616,998	

(*) Due to the Vietnamese Accounting Standards and Accounting System having no specific guidance on the fair value determination, the fair value of these items cannot be determined.

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46. HEDGING OPERATION

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

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

47. EVENTS AFTER THE BALANCE SHEET DATE

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

Except for the above event and other information disclosed in relevant notes to the consolidated 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 consolidated financial statements.

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48. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND

	31 December 2016 VND	31 December 2015 VND
SJC gold	3,550,000	3,270,000
SBJ gold	3,100,000	3,270,000
USD	22,159	21,890
EUR	23,917	24,574
GBP	27,874	33,311
CHF	22,258	22,522
JPY	193.64	186.52
SGD	15,676	15,819
CAD	16,807	16,095
AUD	16,320	16,311
LAK	2.806	2.773
THB	610	597
NZD	15,629	15,201

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Approved by:



Mr. Phan Huy Khang
General Director

Ho Chi Minh City, Vietnam

29 May 2017