

Saigon Thuong Tin Commercial Joint Stock Bank

Interim consolidated financial statements

As at 30 June 2015

Saigon Thuong Tin Commercial Joint Stock Bank

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Saigon Thuong Tin Commercial Joint Stock Bank

GENERAL INFORMATION

THE BANK

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

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

The Bank is allowed to carry out full range of banking services including mobilizing and receiving short, medium and long-term deposits from organisations and individuals; providing short, medium and long-term loans to organisations 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 and other banking services as allowed by the State Bank of Vietnam.

The head office of the Bank is located at No. 266 - 268 Nam Ky Khoi Nghia Street, District 3, Ho Chi Minh City. As at 30 June 2015, the Bank had one (1) Head Office, seventy two (72) branches located in cities and provinces in Vietnam and one (1) branch in Laos, three hundred forty four (344) domestic transaction offices, two (2) transaction offices in Laos and one (1) savings fund.

BOARD OF MANAGEMENT

Members of the Board of Management during the period and at the date of the interim consolidated financial statements are:

<u>Name</u>	<u>Date of joining the Board of Management</u>	<u>Current position</u>	<u>Date of appointment</u>
Mr. Kieu Huu Dung	26 May 2012	Chairman	24 March 2014
Mr. Tram Be	26 May 2012	Standing Vice Chairman	5 November 2012
Mr. Phan Huy Khang	26 May 2012	Chairman Vice Chairman; General Director	15 November 2013
Mr. Nguyen Mien Tuan	26 May 2012	Vice Chairman	15 November 2013
Mr. Tram Khai Hoa	26 May 2012	Member	26 May 2012
Ms. Duong Hoang Quynh Nhu	26 May 2012	Member; Deputy General Director	26 May 2012
Mr. Nguyen Gia Dinh	25 April 2013	Member	25 April 2013
Ms. Nguyen Thi Le An	25 April 2013	Member; Deputy General Director	25 April 2013
Mr. Nguyen Van Cuu	25 April 2013	Independent member	25 April 2013

Saigon Thuong Tin Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

BOARD OF SUPERVISORS

Members of the Board of Supervisors during the period and at the date of the interim consolidated financial statements are:

<u>Name</u>	<u>Date of joining the Board of Supervisors</u>	<u>Current position</u>	<u>Date of appointment</u>
Mr. Nguyen Van Ly	26 May 2012	Chief Supervisor	15 April 2015
Mr. Le Van Tong	2 April 2011	Member	2 April 2011
Ms. Nguyen Thi Thanh Mai	2 April 2011	Member	2 April 2011

<u>Name</u>	<u>Date of joining the Board of Supervisors</u>	<u>Position</u>	<u>Date of resignation</u>
Mr. Nguyen Tan Thanh	2 April 2011	Chief Supervisor	15 April 2015

BOARD OF DIRECTORS AND CHIEF ACCOUNTANT

Members of the Board of Directors and Chief Accountant during the period and at the date of the interim consolidated financial statements are:

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

LEGAL REPRESENTATIVE

The legal representative of the Bank during the period and at the date of the interim consolidated financial statements is Mr. Phan Huy Khang, General Director.

AUDITORS

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

Saigon Thuong Tin Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

SIGNIFICANT EVENTS DURING THE PERIOD

At the 2015 Annual General Meeting held on 21 April 2015, the shareholders of the Bank have approved the stock dividends for the year 2014 at the rate of 12% of the charter capital eligible for dividend. Simultaneously, the shareholders have designated the Board of Management to complete necessary procedures for the settlement of the 2014 stock dividends after being approved by the State Bank of Vietnam, and continue to make the 2013 dividends payment and distribution of treasury shares and bonus shares as stated in the resolution of the 2014 Annual General Meeting. The Bank is seeking for approval from the State Bank of Vietnam for the plan of issuing new shares to the existing shareholders for paying the 2013 and 2014 stock dividends at 8% and 12%, respectively, using treasury shares and issuing bonus shares from part of the outstanding share premium.

The shareholders have also approved the plan on establishing the subsidiaries and joint-venture companies which are Sacombank Finance Company, Life Insurance Company and General Insurance Company.

SUBSEQUENT EVENTS AFTER THE INTERIM CONSOLIDATED BALANCE SHEET DATE

At the Extraordinary General Meeting held on 11 July 2015, the shareholders of the Bank have approved the execution of merging Southern Commercial Joint Stock Bank into Saigon Thuong Tin Commercial Joint Stock Bank and the related documents. The shareholders have also agreed to supplement the business services of Saigon Thuong Tin Commercial Joint Stock Bank after the merger.

On 3 August 2015, upon the approval of the Bank of Laos and the State Bank of Vietnam, Saigon Thuong Tin Commercial Joint Stock Bank has officially transformed its Laos Branch into its wholly owned foreign bank in Laos called Saigon Thuong Tin Bank Laos Ltd.

In addition, on 12 August 2015, the State Bank of Vietnam issued an approval in principle of merging Southern Commercial Joint Stock Bank into Saigon Thuong Tin Commercial Joint Stock Bank. The Bank is in progress of completing required procedures for an official approval of the merger by the Governor of the State Bank of Vietnam.

Saigon Thuong Tin Commercial Joint Stock Bank

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Saigon Thuong Tin Commercial Joint Stock Bank ("the Bank") is pleased to present its report and the interim consolidated financial statements of the Bank as at 30 June 2015 and for the six-month period then ended.

THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of the Bank is responsible for the interim consolidated financial statements, which give a true and fair view of the interim consolidated financial position of the Bank and its subsidiaries and of the interim consolidated results of their operations and their interim consolidated cash flows for the period. In preparing those interim consolidated financial statements, the Board of Directors of the Bank 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 interim consolidated financial statements; and
- ▶ prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiaries will continue in business.

The Board of Directors of the Bank is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim consolidated financial position of the Bank and its subsidiaries and ensuring that the accounting records comply with the applied accounting system. The Board of Directors of the Bank 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 Directors of the Bank confirmed that it has complied with the above requirements in preparing the accompanying interim consolidated financial statements as at 30 June 2015 and for the six-month period then ended.

STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Bank and its subsidiaries as at 30 June 2015, and of the interim consolidated results of their operations and their interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions, regulations stipulated by the State Bank of Vietnam and other relevant statutory requirements.



On behalf of the Board of Directors: 

Mr. Phan Huy Khang
General Director

Ho Chi Minh City, Vietnam

28 August 2015



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

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Reference: 60857352/17860423-HN-SX

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the interim consolidated financial statements of Saigon Thuong Tin Commercial Joint Stock Bank ("the Bank") and its subsidiaries as prepared on 28 August 2015 and set out on pages 7 to 91 which comprise the interim consolidated balance sheet as at 30 June 2015, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

The preparation and presentation of these interim consolidated financial statements are the responsibility of the Board of Directors of the Bank. Our responsibility is to issue a report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing No. 910 - Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim consolidated financial statements are free from material misstatement. A review is limited primarily to inquiries of the Bank and its subsidiaries' personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Bank and its subsidiaries as at 30 June 2015, and of the interim consolidated results of their operations and their interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions, regulations stipulated by the State Bank of Vietnam and other relevant statutory requirements.

As presented in Note 46 - Significant events after the interim consolidated balance sheet date, at the Extraordinary General Meeting held on 11 July 2015, the shareholders of the Bank have approved the execution of merging Southern Commercial Joint Stock Bank into Saigon Thuong Tin Commercial Joint Stock Bank and the related documents. On 12 August 2015, the State Bank of Vietnam issued an approval in principle of merging Southern Commercial Joint Stock Bank into Saigon Thuong Tin Commercial Joint Stock Bank. The Bank is in progress of completing required procedures for an official approval of the merger by the Governor of the State Bank of Vietnam.



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As presented in Note 10 – Loans, advances and finance leases to customers, the balances of the standard loan group as at 30 June 2015 include some current loans which will be made in accordance with the contents of the merger plan being submitted to the State Bank of Vietnam for an official approval.

Ernst & Young Vietnam Limited



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

Ho Chi Minh City, Vietnam

28 August 2015

Vo Ngoc Thuy An
Auditor
Audit Practicing Registration
Certificate No. 2222-2013-004-1

Saigon Thuong Tin Commercial Joint Stock Bank

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2015

B02a/TCTD-HN

	Notes	30 June 2015 VND million	31 December 2014 VND million
ASSETS			
Cash, gold and precious stones	5	6,090,318	4,815,942
Balances with the Central Banks	6	6,129,828	4,289,757
Due from and loans to other credit institutions	7	4,869,868	3,630,099
Due from other credit institutions	7.1	4,465,365	2,894,719
Loans to other credit institutions	7.2	404,503	735,380
Provision for due from and loans to other credit institutions	11.1	-	-
Trading securities	8	12,194,817	7,683,341
Trading securities		12,247,645	7,732,428
Provision for trading securities		(52,828)	(49,087)
Derivatives and other financial assets	9	20,368	12,151
Loans, advances and finance leases to customers		139,120,781	126,646,093
Loans, advances and finance leases to customers	10	140,707,233	128,015,011
Provision for credit losses	11.2	(1,586,452)	(1,368,918)
Investment securities	12	26,944,398	25,925,440
Available-for-sale investment securities	12.1	20,486,873	20,250,805
Held-to-maturity investment securities	12.2	7,236,459	5,935,128
Provision for investment securities	12.4	(778,934)	(260,493)
Long-term investments	13	277,846	264,513
Other long-term investments	13.1	400,123	400,749
Provision for long-term investments	13.2	(122,277)	(136,236)
Fixed assets		6,007,537	5,198,975
Tangible fixed assets	14.1	3,067,841	2,831,507
Cost		4,483,372	4,105,565
Accumulated depreciation		(1,415,531)	(1,274,058)
Finance lease	14.2	130	188
Cost		596	596
Accumulated depreciation		(466)	(408)
Intangible fixed assets	14.3	2,939,566	2,367,280
Cost		3,489,198	2,868,438
Accumulated amortization		(549,632)	(501,158)
Other assets		9,121,830	11,336,316
Receivables	15.1	3,500,353	4,864,718
Interest and fees receivables		4,771,422	5,149,188
Deferred tax assets		60,845	60,607
Other assets	15.2	1,157,407	1,695,385
- In which: Goodwill		-	15,120
Provision for other assets	15.3	(368,197)	(433,582)
TOTAL ASSETS		210,777,591	189,802,627

Saigon Thuong Tin Commercial Joint Stock Bank

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2015

B02a/TCTD-HN

	Notes	30 June 2015 VND million	31 December 2014 VND million
LIABILITIES			
Due to and borrowings from other credit institutions		6,119,609	4,410,606
Due to other credit institutions	16.1	3,345,975	1,859,762
Borrowings from other credit institutions	16.2	2,773,634	2,550,844
Customer deposits	17	179,941,016	163,057,456
Grants, entrusted funds and loans exposed to risks	18	2,002,622	1,115,813
Valuable papers issued	19	600	600
Other liabilities		3,754,642	3,154,951
Interest and fees payables		2,093,425	1,924,092
Deferred tax liabilities		147	868
Other payables	20	1,661,070	1,229,991
Provision for contingent liabilities		-	-
TOTAL LIABILITIES		191,818,489	171,739,426
OWNERS' EQUITY			
Capital		12,590,879	12,590,879
Charter capital		12,425,116	12,425,116
Fund for capital expenditure		795	795
Share premium		1,671,693	1,671,693
Treasury shares		(1,506,878)	(1,506,878)
Other capital		153	153
Reserves		2,281,152	1,938,962
Foreign currency translation reserve		109,052	104,270
Retained earnings		3,978,015	3,429,086
Non-controlling interests		4	4
TOTAL OWNERS' EQUITY	22.1	18,959,102	18,063,201
TOTAL LIABILITIES AND OWNERS' EQUITY		210,777,591	189,802,627

Saigon Thuong Tin Commercial Joint Stock Bank

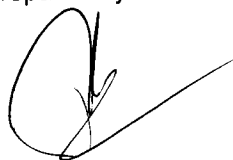
INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2015

B02a/TCTD-HN

OFF-BALANCE-SHEET ITEMS

Notes	30 June 2015 VND million	31 December 2014 VND million
Guarantees for borrowings	192,058	190,294
Foreign exchange commitments	41,670,217	38,574,959
- <i>Buying commitments</i>	6,107,664	4,346,830
- <i>Selling commitments</i>	5,980,187	3,265,376
- <i>Swap transactions</i>	29,582,366	30,962,753
Letters of credit	7,393,668	8,168,215
Other guarantees	4,173,293	3,242,532
Other commitments	11,215	11,103
36	53,440,451	50,187,103

Prepared by:



Mr. Luu Van Hoa
Accountant

Reviewed by:



Mr. Huynh Thanh Giang
Chief Accountant

Approved by:



Mr. Phan Huy Khang
Deputy General Director

Ho Chi Minh City, Vietnam

28 August 2015

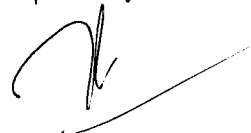
Saigon Thuong Tin Commercial Joint Stock Bank

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 June 2015

B03a/TCTD-HN

	Notes	For the six-month period ended 30 June 2015 VND million	For the six-month period ended 30 June 2014 VND million
Interest and similar income	24	7,815,573	7,842,101
Interest and similar expenses	25	(4,021,747)	(4,389,311)
Net interest and similar income		3,793,826	3,452,790
Fees and commission income		802,581	679,132
Fees and commission expenses		(273,165)	(228,969)
Net fees and commission income	26	529,416	450,163
Net gain from foreign currencies and gold trading	27	118,196	128,818
Net (loss)/gain from dealing of trading securities	28	(3,741)	15,345
Net gain/(loss) from dealing of investment securities	29	3,601	(113,550)
Other income		54,660	132,792
Other expenses		(30,362)	(29,524)
Net other income	30	24,298	103,268
Net income from long-term investments	31	22,349	12,807
TOTAL OPERATING INCOME		4,487,945	4,049,641
Personnel expenses		(1,318,185)	(1,224,478)
Depreciation and amortization charges		(154,798)	(143,593)
Other operating expenses		(791,873)	(752,410)
TOTAL OPERATING EXPENSES	32	(2,264,856)	(2,120,481)
Net operating profit before credit loss expenses		2,223,089	1,929,160
Credit loss expenses	11	(697,778)	(304,882)
PROFIT BEFORE TAX		1,525,311	1,624,278
Current corporate income tax expense	21	(345,521)	(354,594)
Deferred corporate income tax benefit		-	561
Total corporate income tax expenses		(345,521)	(354,033)
NET PROFIT FOR THE PERIOD		1,179,790	1,270,245
<i>Attributable to:</i>			
<i>Equity holders of the Bank</i>		1,179,790	1,270,248
<i>Non-controlling interests</i>		-	(3)
Basic earnings per share (VND)	23	1,033	967
Diluted earnings per share (VND)	23	875	819

Prepared by:



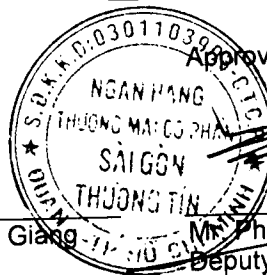
Mr. Luu Van Hoa
Accountant

Reviewed by:



Mr. Huynh Thanh Giang
Chief Accountant

Approved by:



Mr. Phan Huy Khang
Deputy General Director

Ho Chi Minh City, Vietnam
28 August 2015

Saigon Thuong Tin Commercial Joint Stock Bank

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the six-month period ended 30 June 2015

B04a/TCTD-HN

	Notes	For the six-month period ended 30 June 2015 VND million	For the six-month period ended 30 June 2014 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		8,347,820	7,260,702
Interest and similar payments		(3,851,590)	(4,435,541)
Net fees and commission receipts		564,302	491,151
Net receipts from dealing of securities, gold and foreign currencies		122,712	82,908
Other operating income		18,745	20,404
Recovery from bad debts written-off previously	30	13,858	2,683
Payments to employees and other operating expenses		(2,184,717)	(1,795,146)
Corporate income tax paid during the period	21	(229,154)	(124,554)
Net operating cash flows before changes in operating assets and liabilities		2,801,976	1,502,607
Changes in operating assets		(12,918,404)	(14,351,807)
Decrease in due from and loans to other credit institutions		330,877	428,792
Increase in trading securities		(174,217)	(3,871,757)
(Increase)/decrease in derivatives and other financial assets		(8,217)	43,996
Increase in loans, advances and finance leases to customers		(14,198,164)	(10,927,812)
Decrease in provisions for writing-off of bad debts		(9,217)	(43,467)
Decrease in other assets		1,140,534	18,441
Changes in operating liabilities		19,518,435	17,003,089
Increase in due to and borrowings from other credit institutions		1,709,003	723,184
Increase in customer deposits		16,883,560	16,631,476
Decrease in valuable papers issued		-	(500,547)
Increase in grants, entrusted funds and loans exposed to risks		886,809	84,666
Increase in derivatives and other financial liabilities		-	4,716
Increase in other liabilities		39,125	273,490
Reserves utilised during the period	22.1	(62)	(213,896)
Net cash flows provided from operating activities		9,402,007	4,153,889

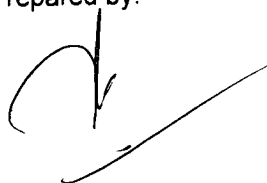
Saigon Thuong Tin Commercial Joint Stock Bank

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2015

B04a/TCTD-HN

	Notes	For the six-month period ended 30 June 2015 VND million	For the six-month period ended 30 June 2014 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(225,047)	(253,942)
Proceeds from disposal of fixed assets	30	9,791	7,215
Proceeds from sales of investments, capital contribution in other entities		626	-
Dividend receipts and profits shared from long-term investments	31	8,390	31,042
Net cash flows used in investing activities		(206,240)	(215,685)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid	22.4	(239)	(34,235)
Cash flows used in financing activity		(239)	(34,235)
Net increase in cash and cash equivalents during the period		9,195,528	3,903,969
Cash and cash equivalents at the beginning of the period		19,566,393	15,299,928
Foreign exchange difference		4,782	(13,819)
Cash and cash equivalents at the end of the period	33	28,766,703	19,190,078

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

28 August 2015

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at and for the six-month period ended 30 June 2015

B05a/TCTD-HN

1. CORPORATE INFORMATION

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

Establishment and Operations

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

The Bank is allowed to carry out full range of banking services including mobilising and receiving short, medium and long-term deposits from organisations and individuals; providing short, medium and long-term loans to organisations 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 and other banking services as allowed by the SBV.

Charter capital

The charter capital of the Bank as at 30 June 2015 was VND12,425,116 million (31 December 2014: VND12,425,116 million).

Network

The head office of the Bank is located at No. 266 - 268 Nam Ky Khoi Nghia street, District 3, Ho Chi Minh City. As at 30 June 2015, the Bank has one (1) Head Office, seventy two (72) branches provinces and cities in Vietnam and one (1) branch in Laos, three hundred forty four (344) domestic transaction offices, two (2) transaction offices in Laos and one (1) savings fund.

Subsidiaries

As at 30 June 2015, the Bank has five (5) subsidiaries as follows:

<i>Subsidiary</i>	<i>Operating License No.</i>	<i>Nature of business</i>	<i>Ownership by the Bank</i>
Sacombank Assets Management Co., Ltd.	4104000053	Assets management	100%
Sacombank Leasing Co., Ltd.	04/GP-NHNN	Financial leasing	100%
Sacombank Remittance Express Co., Ltd.	90/QĐ-NHNN	Remittance and foreign exchange services	100%
Sacombank Jewelry Co., Ltd.	4104003812	Gold, silver and jewelry trading, appraisal service, jewelry processing and manufacturing	100%
Sacombank Cambodia PLC	N.27	Banking services	100%

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
as at and for the six-month period ended 30 June 2015

1. CORPORATE INFORMATION (continued)

Subsidiaries (continued)

In addition, Sacombank Jewelry Co., Ltd. owns two other (2) subsidiaries as follows:

<i>Subsidiary</i>	<i>Operating License No.</i>	<i>Nature of Business</i>	<i>Ownership</i>
Hypertek Co., Ltd.	0309998954	Information technology	100%
SBJ Cambodia Co., Ltd. (*)	3983 BTM.PBDKTM	Manufacturing and trading gold, silver, diamond, precious stones and jewelries	99.98%

(*) SBJ Cambodia Co., Ltd submitted an application to the General Department of Taxation Cambodia on 5 May 2014 for discontinuing its operation from 1 July 2014. The General Department of Taxation Cambodia notified SBJ Cambodia Co., Ltd on 4 September 2014 of tax inspection before dissolution. On 24 June 2015, SBJ Cambodia Co., Ltd received a tax status confirmation from the General Department of Taxation Cambodia and a notice of resolution from the Ministry of Commerce of Cambodia on 27 July 2015.

Employees

Total employees of the Bank and its subsidiaries as at 30 June 2015 were 13,320 persons (31 December 2014: 12,608 persons).

2. FISCAL YEAR AND ACCOUNTING CURRENCY

2.1 *Fiscal year*

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

The Bank and its subsidiaries also prepare the interim consolidated financial statements for the six-month period ended 30 June to submit to local authorities as required by Circular No. 49/2014/TT-NHNN issued by the SBV on 31 December 2014, Decision No. 16/2007/QD-NHNN issued by the SBV on 18 April 2007 and Circular No. 52/2013/TT-BTC issued by the Ministry of Finance on 5 April 2012.

2.2 *Accounting currency*

The Bank and its subsidiaries maintain its accounting records in Vietnam Dong ("VND"). However, due to the Bank's large scale of operations, for the purpose of preparing these interim consolidated financial statements, the amounts are rounded to and presented in millions of Vietnam Dong ("VND million"). This presentation does not impact the view of the readers on the interim consolidated financial position of the Bank and its subsidiaries and the interim consolidated results of their operations and their interim consolidated cash flows.

3. ACCOUNTING STANDARDS AND SYSTEM

3.1 *Statement of compliance*

The Board of Directors confirms that the accompanying interim consolidated financial statements are prepared in accordance with the Vietnamese Accounting Standards and Accounting System for Credit Institutions.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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3. ACCOUNTING STANDARDS AND SYSTEM (continued)

3.2 *Accounting standards and system*

The interim consolidated financial statements of the Bank and its subsidiaries are prepared in accordance with the Accounting System for Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004 by the SBV and Circular No. 10/2014/TT-NHNN issued on 20 March 2014 by the SBV; the financial reporting mechanism for Credit Institutions required under Decision No. 16/2007/QD-NHNN issued on 18 April 2007 by the SBV; Circular No. 49/2014/TT-NHNN issued on 31 December 2014 by the SBV; Vietnamese Accounting Standard No. 27 - "Interim Financial Reporting" and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

The Bank and its subsidiaries have options to present their interim consolidated financial statements as a complete set of annual consolidated financial statements in conformity with Vietnamese Accounting Standard No. 21 - Presentation of Financial Statements or a set of condensed financial statements in conformity with Vietnamese Accounting Standard No. 27 - Interim Financial Reporting for an interim financial period which is quarterly or monthly.

The Bank and its subsidiaries have elected to present their interim consolidated financial statements for the six-month period ended 30 June 2015 as a complete set of annual consolidated financial statements. The accompanying interim consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying interim consolidated balance sheet, interim consolidated income statement, interim consolidated cash flow statement and notes to the interim consolidated financial statements and their utilisation 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 interim consolidated financial position, the interim consolidated results of operation and the interim consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
as at and for the six-month period ended 30 June 2015

3. ACCOUNTING STANDARDS AND SYSTEM (continued)

3.3 *Consolidation of interim financial statements*

The interim consolidated financial statements include the interim financial statements of the Bank and of its subsidiaries for the six-month period ended 30 June 2015.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continued to be consolidated until the date that such control ceases.

The interim financial statements of the Bank and its subsidiaries are prepared for the same reporting period and used consistent accounting policies.

All intra-group balances, transactions, income and expenses and unrealised profits resulting from intra-group transactions are eliminated in full.

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

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in retained earning/accumulated loss.

3.4 *Use of estimates*

The preparation of the interim consolidated financial statements requires the Board of Directors 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 and expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ, resulting in future changes in such provisions.

3.5 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Bank and its subsidiaries in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the financial year ended 31 December 2014 and the interim consolidated financial statements for the six-month period ended 30 June 2014 except for the changes in accounting policies relating to followings:

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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3. ACCOUNTING STANDARDS AND SYSTEM (continued)

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

Adjusting the result of self-classification of loans based on information from National Credit Information Center of Vietnam (CIC)

On 21 January 2013, the SBV issued Circular No. 02/2013/TT-NHNN regulating classification of assets, making and use of provision in the operations of credit institutions and foreign banks' branches ("Circular 02"). Subsequently, on 18 March 2014, the SBV issued Circular No. 09/2014/TT-NHNN ("Circular 09") amending and supplementing a number of articles of Circular 02 with the effectiveness from 20 March 2014, including the change of the effective date of Clause 3 Article 8 and Clause 1 Article 9 of Circular 02 to 1 January 2015.

The change in accounting policies of the Bank and its subsidiaries as stipulated in Clause 3 Article 8 and Clause 1 Article 9 of Circular 02 is that within 5 (five) days after CIC has summarised a list of loan customers, the Bank and its subsidiaries must request CIC to supply the mentioned-above list of customers, and use the result of loan classification supplied by CIC in order to adjust its result of self-classification of loans and off-balance sheet commitments. If loans and off-balance sheet commitments of customers are classified into the lower risk group of loans than the one supplied by CIC, the Bank and its subsidiaries must adjust the result of classification of loans and off-balance sheet commitments according to the loan group supplied by CIC.

Amending and supplementing the financial reporting mechanism for credit institutions and the accounting system for credit institutions

The SBV issued Circular No. 49/2014/TT-NHNN ("Circular 49") on 31 December 2014 - Amending and supplementing some articles of Decision No. 16/2007/QD-NHNN issued on 18 April 2007 regarding the financial reporting mechanism for credit institutions and Decision No. 479/2004/QD-NHNN issued on 29 April 2004 regarding the accounting system for Credit Institutions. Circular 49 is effective from 15 February 2015.

Significant changes as regulated in Circular 49 are as follows:

- Amending and supplementing some articles of Decision No. 16/2007/QD-NHNN dated 18 April 2007 issued by the Governor of the SBV regarding the financial reporting mechanism for credit institutions:
 - ▶ Subsidiaries/associates: subsidiaries and associates are defined in accordance with the Law on Credit Institutions;
 - ▶ The deadline for submission and receiving the financial statements: the Circular clearly specifies the time frame for submitting and receiving the unaudited annual financial statements, the audited annual financial statements, the interim financial statements, the reviewed interim financial statements, and other periodical financial statements;
 - ▶ The form and time frame of publication of the financial statements: the Circular clearly specifies the form of publication of the annual financial statements, the interim financial statements and the semi-annual financial statements; the time frame of publication of the financial statement for the listed credit institutions, the large public credit institutions and the other credit institutions;
 - ▶ The forms of the financial statements as promulgated in Decision No. 16/2007/QD-NHNN are replaced by new forms as promulgated in Circular 49.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
as at and for the six-month period ended 30 June 2015

3. ACCOUNTING STANDARDS AND SYSTEM (continued)

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

- Amending and supplementing some articles of Decision No. 479/2004/QD-NHNN dated 29 April 2004 of the Governor of the SBV regarding the accounting system for credit institutions:

- ▶ Amend and supplement the chart of account as revised by Circular No. 10/2014/TT-NHNN;
- ▶ Amend and supplement the accounting treatments as revised by Circular No. 10/2014/TT-NHNN for the following accounts:
 - Account 341 - Investment in subsidiaries in VND
 - Account 345 - Investment in subsidiaries in foreign currency
 - Account 343 - Investment in associates in VND
 - Account 347 - Investment in associates in foreign currency

in which, the primary change is to revise the method of defining subsidiaries and associates in accordance with Law on Credit Institutions.

Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system ("Circular 200") which supersedes Decision No. 15/2006/QD-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009. Circular 200 is effective for financial years starting on or after 1 January 2015.

The Bank and its subsidiaries apply applicable changes in accordance with Circular 200 on a prospective basis since Circular 200 does not require applying the retrospective application.

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

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

The Bank and its subsidiaries apply applicable changes in accordance with Circular 202 on a prospective basis since Circular 202 does not require applying the retrospective application.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Loans, advances and finance leases to customers*

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

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Provision for credit losses

The Bank and its subsidiaries classify loans, advances and leases to customers in accordance with Law on Credit Institutions No. 47/2010/QH12 effective from 1 January 2011; Decision No. 1627/2001/QD-NHNN dated 31 December 2001 issued by the State Bank of Vietnam on lending statutory; Decision No. 127/2005/QD-NHNN dated 3 February 2005 amending and supplementing Decision No. 1627/2001/QD-NHNN; Circular No. 02/2013/TT-NHNN dated on 21 January 2013 and Circular No. 09/2014/TT-NHNN dated 18 March 2014 issued by the SBV.

The Bank's loans are assessed and classified based on the quantitative factors and other factors as follows:

<u>Loan group</u>	<u>Classification criteria</u>
Group 1 (Current debt)	<ul style="list-style-type: none">▶ Current debts which are assessed as fully and timely recoverable, both principals and interests;▶ Debts which are overdue less than 10 days and assessed as fully recoverable, both overdue principals and interests, and fully recoverable, both remaining principals and interests on time;▶ Debts which are classified into the group of lower risks once they meet the regulated conditions.
Group 2 (Special Mention debt)	<ul style="list-style-type: none">▶ Debts which are overdue from 10 days to 90 days;▶ Debts which are restructured the repayment term for the first time;▶ Debts which are classified into the group of lower or higher risks once they meet the regulated conditions.
Group 3 (Sub-standard debt)	<ul style="list-style-type: none">▶ Debts which are overdue from 91 days to 180 days;▶ Debts which are extended the repayment term for the first time;▶ Debts which interests are exempted or reduced because customers are unable to pay all interests under credit contracts;▶ Debts which violated Law on Credit Institutions and are overdue less than 30 days from the date of recovery decision;▶ Debts which are in the recovery period according to the SBV's inspection conclusions;▶ Debts which are classified into the group of lower or higher risks once they meet the regulated conditions;▶ Debts which are classified in accordance with the SBV's inspection conclusions.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Provision for credit losses (continued)

<u>Loan group</u>	<u>Classification criteria</u>
Group 4 (Doubtful debt)	<ul style="list-style-type: none">▶ Debts which are overdue from 181 days to 360 days;▶ Debts which are restructured the repayment term for the first time but still overdue less than 90 days under such restructured repayment term;▶ Debts which are restructured the repayment term for the second time;▶ Debts which violated Law on Credit Institutions and are overdue from 30 days to 60 days from the date of recovery decision;▶ Debts which must be recovered according to the SBV's inspection conclusions but fail to be recovered up to 60 days from the date of recovery decision;▶ Debts which are classified into the group of lower or higher risks once they meet the regulated conditions;▶ Debts which are classified in accordance with the SBV's inspection conclusions.
Group 5 (Loss debt)	<ul style="list-style-type: none">▶ Debts which are overdue more than 360 days;▶ Debts which are restructured the repayment term for the first time but still overdue from 90 days and above under such first restructured repayment term;▶ Debts which are restructured the repayment term for the second time but still overdue under such second restructured repayment term;▶ Debts which are restructured the repayment term for the third time or later, whether debts are overdue or not;▶ Debts which violated Law on Credit Institutions and are overdue more than 60 days from the date of recovery decision;▶ Debts which must be recovered according to the SBV's inspection conclusions but fail to be recovered more than 60 days from the date of recovery decision;▶ Debts of customers being credit institutions which are announced by the SBV to place in special control status or foreign banks' branches of which capital and assets are blockaded;▶ Debts which are classified into the group with higher risks once they meet the regulated conditions;▶ Debts which are classified in accordance with the SBV's inspection conclusions.

Debts shall be classified into the group of lower risks in the following cases:

- ▶ Customers have made full repayment of the overdue principal and interests (including interests on overdue principals) and the principals and interests of the following repayment terms for at least three months for long and medium-term debts and one month for short-term debts, from the date of fully repayment of the overdue principals and interest;

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 *Provision for credit losses* (continued)

- ▶ Having supporting documents which prove that customers have paid debts;
- ▶ Having sufficient information and documents to assess the borrowers' capability of fully and timely repayment of remaining principals and interest.

Debts shall be classified into the group of higher risks in the following cases:

- ▶ There are negative changes in the environment and business sector which have negatively impact on the borrower's repayment capability;
- ▶ Ratios on profitability, solvency, debts to capital, cash flow, borrowers' repayment capability are impaired continuously or change significantly according to the worse tendency over three consecutive times of assessment and classification;
- ▶ Customers fail to provide fully, timely, and honestly financial information at the request of credit institutions, foreign banks' branches for assessment on the repayment capability of borrowers;
- ▶ Debts which have been classified into Group 2, Group 3, Group 4 as above for one year or longer but not being qualified for classification into group of lower risks;
- ▶ Debts which the credit granting has been administratively sanctioned as regulated by law.

All debt balances granted to one customer must be classified into the same group. For customers who have two or more debts, any debt has been classified into the group of higher risks, the other debts should be also classified into the group with the highest risks.

Loans classified as Substandard, Doubtful and Loss are considered non-performing loans.

According to Article 8 and Article 9 of Circular No. 02/2013/TT-NHNN, at least once each quarter, within 15 (fifteen) first days of the first month of each quarter, the Bank and its subsidiaries must perform a self classification of loans and off-balance sheet commitments outstanding as at the final working day of last quarter, based on the capability of customers to pay debts as prescribed in Article 10 of Circular 02 and send the results of self-classification of loans, off-balance sheet commitments to CIC. Within 03 (three) days after receiving the result of self-classification of loans and off-balance sheet commitments of credit institutions and foreign banks' branches, CIC shall summarize a list of customers with highest risk groups which have been classified by all credit institutions and foreign banks' branches and provide this list at the requests of credit institutions and foreign banks' branches. Within 05 (five) days after CIC has summarised a list of customers, the Bank and its subsidiaries must request CIC to supply the mentioned-above list of customers and use the result of classification of customer loan groups supplied by CIC at the classification time to adjust its result of classification of loans and off-balance sheet commitments. If loans and off-balance sheet commitments of customers are classified into the lower risk group of loans than the one supplied by CIC, the Bank and its subsidiaries must adjust the result of classification of loans and off-balance sheet commitments according to the loan group supplied by CIC.

The balance of credit risk provision on the interim consolidated balance sheet as at 30 June 2015 is made based on the result of loan classification at the end of the first quarter of 2015 in accordance with Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN. The balance of provision for credit losses at the end of Quarter 2 of 2015 will be recorded in the consolidated financial statements of Quarter 3 of 2015 of the Bank and its subsidiaries.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Provision for credit losses (continued)

Specific provision

Specific provision is created based on the net credit exposure for each borrower using fixed provision rates as follows:

<u>Group</u>	<u>Category</u>	<u>Specific provision rate</u>
1	Current	0%
2	Special Mention	5%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

Net credit exposure for each borrower is calculated by subtracting from the loan balance the discounted value of collateral assets which is subject to certain accepted discount rates in accordance with Circular No. 02/2013/TT-NHNN.

General provision

In accordance with Circular No. 02/2013/TT-NHNN, a general provision is made for credit losses which have not been identified yet during the process of loan classification and specific provision making and for the credit institutions' potential financial difficulties due to deterioration in loan quality. As such, the Bank and its subsidiaries are required to fully create and maintain a general provision at 0.75% of total loans, advances and finance leases to customers which are classified in group 1 to 4, except for followings:

- ▶ Deposits (except for demand deposits) at domestic credit institutions, foreign banks' branches in Vietnam in accordance with applicable regulations and deposits at foreign credit institutions; and
- ▶ Loans to other credit institutions or purchase of term valuable papers issued by other credit institutions and foreign banks' branches in Vietnam.

Bad debt resolution

The provision is recognised in the interim consolidated income statement as an expense and will be used to write off any credit losses incurred. According to Circular No. 02/2013/TT-NHNN, the Bank and its subsidiaries should establish the Bad Debt Resolution Committee to approve the writing-off of loans classified in Group 5 or loans of corporate borrowers which are bankrupted or liquidated or individual borrowers who are deceased or missing.

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

Loans are sold to VAMC at the carrying amount in exchange of VAMC special bonds in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on "Establishment, structure and operations of VAMC", Circular No. 19/2013/TT-NHNN "Regulations on selling, purchasing and writing-off of bad debts of VAMC" 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 equals to the outstanding loan balance minus (-) unused balance of specific provision.

Upon the sale of loans, the Bank uses the selling price of the VAMC bonds, which is the par value of the VAMC bonds, and corresponding specific provision to write off the loan balance. When receiving loans previously sold to VAMC, the Bank and its subsidiaries use annual specific provisions for special bonds to write off bad debts and recognise the difference between provision for credit losses and the remaining outstanding loan balance/bond in "Other income" of the interim consolidated income statement. Upon liquidation of the VAMC bonds, all receipts in the form of cash or assets from the collection or sale of debts and collateral after deducting the expenses related to the sale of debts and collateral shall be settled by VAMC in the following order: outstanding principal, undue interest, overdue interest, fines; and the excess amounts will be returned to borrowers, guarantors, or debt payers.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 *Trading securities*

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.

Trading securities are initially recognised at the cost on the transaction date and continuously presented at cost in subsequent periods.

Interest earned and dividends received in the holding period of trading securities are recognised in the interim consolidated income statements on a cash basis.

These securities are subject to review for diminution in their values at the interim consolidated financial statements date. Trading securities are made provision for diminution in value when their carrying value is higher than the market value in compliance with Circular No. 228/2009/TT-BTC issued on 7 December 2009 and Circular No. 89/2013/TT-BTC issued on 28 June 2013. Provisions for diminution in value of investments are recognised as "*Net gain/(loss) from dealing of trading securities*" in the interim consolidated income statement.

The market prices of listed securities are determined based on the quoted prices on the stock markets (which are the average prices on the Hanoi Stock Exchange and the closing prices on the Ho Chi Minh City Stock Exchange) as at 30 June 2015.

The market values of unlisted shares which have been registered on the unlisted public companies market (UPCoM) are the average prices of the trading market at the date of provision.

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.

4.5 *Investment securities*

4.5.1 *Held-to-maturity securities*

(i) *Special bonds issued by VAMC*

Special bonds issued by VAMC are valuable papers with specific terms issued by VAMC to purchase bad debts from the Bank and its subsidiaries. Special bonds are recognised at par value at the transaction date and continuously recorded at par value in subsequent periods. Par value of special bonds is the difference between the outstanding balance and unused balance of specific provision of bad debts sold. Annually, the Bank calculates and makes specific provision for special bonds which is not less than 20% of the bonds' par value. Specific provision for special bonds is recognised in "*Credit loss expenses*" of the interim consolidated income statement. These special bonds are not required to make general provision.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
as at and for the six-month period ended 30 June 2015

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Investment securities* (continued)

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

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

Other held-to-maturity investments include debt securities which are 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 into trading securities or available-for-sale securities.

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

In subsequent periods, these securities are continuously stated at par value, and the discount/premium (if any) is amortised to the interim consolidated income statement on a straight-line basis over the remaining term of securities. The interest received in arrears is recognised 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 recognised into the income of the Bank and its subsidiaries under the cumulative method for the portion incurred after the purchase date. The interest received in advance is amortised to the interest income from investment securities on a straight-line basis over the term of investment securities.

Periodically, held-to-maturity 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 No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 and Circular No. 89/2013/TT-BTC issued on 28 June 2013. In case market prices of securities are not available or cannot be determined reliably, no provision is made. Provision for impairment of securities is recognised into the interim consolidated income statement in "*Net gain/(loss) from dealing of investment securities*".

Provision for credit losses of corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular No. 02/2013/TT-NHNN as presented in *Note 4.2*.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Investment securities* (continued)

4.5.2 *Available-for-sale securities*

Available-for-sale securities include debt and equity securities, which are held by the Bank and its subsidiaries for the purpose of investment and available-for-sale, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank and its subsidiaries are neither the founder shareholders nor strategic partners nor 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 officers to the Board of Management/Directors.

Available-for-sale equity securities are initially recognised 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 No. 228/2009/TT-BTC issued on 7 December 2009 and Circular No. 89/2013/TT-BTC issued on 28 June 2013. In case market prices of securities are not available or cannot be determined reliably, no provision is made. Provision for impairment is recognised into the interim consolidated income statement in "*Net gain/(loss) from dealing of investment securities*".

Available-for-sale debt securities are recognised, measured, reviewed for impairment and made provision similarly to held-to-maturity securities as presented in *Note 4.5.1 (ii)*.

4.6 *Repurchase and reverse repurchase agreements*

Securities sold under agreements to repurchase at a specific date in the future are not derecognised from the interim consolidated financial statements. The corresponding cash received is recognised in the interim consolidated balance sheet as a liability item. The difference between the sale price and repurchase price is treated as interest expense and is accrued on a straight-line basis to the interim consolidated income statement over the term of the agreement.

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognised in the interim consolidated financial statements. The corresponding cash paid is recognised in the interim consolidated balance sheet as an asset. The difference between the purchase price and resell price is treated as interest income and is amortised on a straight-line basis to the interim consolidated income statement over the term of the agreement.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Other long-term investments*

4.7.1 *Other long-term investments*

Other long-term investments represent capital contributions and investments in other entities (except investments in subsidiaries, capital contributed to jointly-controlled entities, investments in associates and listed shares) such as: investments in bonds, shares or in other entities which the Bank and its subsidiaries hold less than 11% of owner equity (less than 11% of voting rights), etc. and the investment term is over 1 year.

These other long-term investments are initially recognised at cost and presented at cost less provision for impairment of long-term investments in subsequent periods.

4.7.2 *Provision for impairment of long-term investments*

Provision for impairment of long-term investments is made when investees are operating at loss (unless losses are previously estimated in the initial business plan prior to the investment is made) in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 and Circular No. 89/2013/TT-BTC issued by the Ministry of Finance on 28 June 2013 amending Circular No. 228/2009/TT-BTC. Provision is calculated as the difference between the actual contributed capital of all parties in the investee and the current owners' equity of the investee multiplying (x) by the actual proportion of capital contributed by the Bank and its subsidiaries to total capital contribution of all parties in the investee.

4.8 *Fixed assets*

Fixed assets including tangible and intangible fixed assets are stated at cost less accumulated depreciation and amortisation.

The cost of a fixed asset comprises of its purchase price and 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 interim consolidated income statement as incurred.

When fixed assets are sold or retired, their costs and accumulated depreciation and amortisation are removed from the interim consolidated balance sheet and any gain or loss resulting from their disposal is included in the interim consolidated income statement.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 *Business combinations and goodwill*

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

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

4.10 *Leasing*

4.10.1 *The Bank or its subsidiaries as lessee*

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. Title may be transferred at the end of the leased period. At the day of receiving the leased assets, the Bank and its subsidiaries recognize the finance leases as assets and liabilities in their consolidated balance sheet at the amount equal to the fair value of the leased property. If the fair value of the leased property is higher than the present value of the minimum lease payments, the Bank and its subsidiaries recognise finance leases at that present value. Lease payment should be apportioned between the finance charge and the reduction of the outstanding liability. The depreciation policy for a leased property is applied consistently with the same kind under the ownership of the Bank and its subsidiaries. If there is no reasonable certainty that the Bank and its subsidiaries would obtain the assets' ownership by the end of the lease term, the leased asset will be fully depreciated over the shorter of the lease term or its useful life.

Lease payments under an operating lease are not recognised into the interim consolidated balance sheet. Rentals under operating leases are charged to the interim consolidated income statement in "Other operating expenses" on a straight-line basis over the lease term.

4.10.2 *The Bank or its subsidiaries as lessors*

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

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Depreciation and amortisation

Depreciation and amortisation of tangible and intangible fixed assets are calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and structure	20 - 50 years
Machines and equipment	3 - 15 years
Vehicles	9 - 10 years
Other tangible assets	4 - 25 years
Land use rights	29 - 53 years
Computer software	5 - 13 years

The cost of the indefinite-term land use rights is not amortised.

4.12 Receivables

4.12.1 Receivables with credit risks

Receivables with credit risks are recognised at cost. The Banks classifies and makes provision for bad debts as prescribed by law on making and using provision against credit risks presented at Note 4.2.

4.12.2 Other receivables

Receivables other than receivables with credit risks of the Bank and its subsidiaries are initially recognised at cost.

Provision for receivables is set up based on the aging schedule of overdue debts or expected losses which may occur in case where a debt has not been due for payment but an economic organisation which is bankrupted or liquidated; or individual debtor who is missing, run away, being prosecuted, under a trial or serving sentence or dead.

The Bank and its subsidiaries make provision for overdue receivables in accordance with Circular No. 228/2009/TT-BTC issued on 7 December 2009 by the Ministry of Finance using the following rates:

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

4.13 Prepaid expenses

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

4.14 Due to and borrowings from other credit institutions and customers

Amounts due to and borrowings from other credit institutions and customers are recognised at the placement value.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 *Payables and accruals*

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

4.16 *Science and Technology Development Fund*

In accordance with applicable regulations and Official Letter No. 10186/NHNN-TCKKT issued by the State Bank of Vietnam on 24 December 2009, Science and Technology Development Fund is recognised to general administrative expenses when it is set up and credited to an own account in the other liabilities. Subsequently, this fund is used for capital expenditures or operating expenditures which are qualified to be funded by this fund.

4.17 *Capital*

Charter capital

Capital contributed from issuance of shares is recognised in the charter capital account at par value.

Share premium

The Bank reflects in the share premium account the surplus amount resulted from the issuance of shares above par value and the increase or decrease in price compared to the reacquired price upon the reissuance of treasury shares.

Treasury shares

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

4.18 *Recognition of income and expense*

Interest income and expenses are recognised in the interim 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 No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN. Suspended interest income is reversed and monitored in the off-balance sheet items and recognised in the interim consolidated income statement upon actual receipt.

Income from securities investment is determined by the difference between the selling price and the cost of securities sold.

Fees and commissions are recognised when the services are provided.

Dividend income on equity investment is recognised in the interim consolidated income statement when the Bank and its subsidiaries' right to receive the payment is established. For stock dividends and bonus shares, no dividend income is recognised. Instead, only changes in the number of shares held by the Bank and its subsidiaries are updated.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 *Foreign currency transactions*

The Bank and its subsidiaries maintain their accounting system and record all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies at period-end are translated into VND using exchange rates ruling at the interim consolidated balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 30 June 2015 in *Note 48*). Income and expenses arising in foreign currencies during the period are converted into VND at rates ruling at the transaction dates. Unrealised foreign exchange differences arising from the revaluation of monetary assets and liabilities are recognised in the interim consolidated balance sheet and transferred into the consolidated income statement at the end of financial year.

The reporting currency of subsidiaries including Sacombank Cambodia PLC and Sacombank Jewelry Cambodia Co., Ltd. is USD. The financial statements of the foreign subsidiaries are translated for consolidating into the Bank and its subsidiaries' financial statement as follows:

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

4.20 *Corporate income tax*

4.20.1 *Current corporate income tax*

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

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

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

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Corporate income tax (continued)

4.20.2 Deferred corporate income tax

Deferred corporate income tax is provided for temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purpose at the interim consolidated balance sheet date.

Deferred corporate income tax liabilities are recognised for all taxable temporary differences, except:

- ▶ Where the deferred corporate income tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- ▶ In respect of taxable temporary 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 corporate income tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that future taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- ▶ Where the deferred corporate income tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- ▶ In respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred corporate income tax assets are recognised 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 utilised.

The carrying amount of deferred corporate income tax assets is reviewed at each annual consolidated balance sheet date and reduced to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred corporate income tax assets are reassessed at each annual consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred corporate income tax assets to be recovered.

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

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

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 *Corporate income tax* (continued)

4.20.2 *Deferred corporate income tax* (continued)

Deferred corporate income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current corporate income tax liabilities and when they relate to corporate income taxes levied by the same taxation authority on either the same taxable entity and when the Bank and its subsidiaries intend to settle their current corporate income tax assets and liabilities on a net basis.

4.21 *Cash and cash equivalents*

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

4.22 *Fiduciary assets*

Fiduciary activities without risks

The Bank and its subsidiaries act as trustee and in other fiduciary capacities that result in holding assets on behalf of customers. Assets held in trust or in a fiduciary capacity are not reported in the interim consolidated financial statements since they are not assets of the Bank and its subsidiaries.

Fiduciary activities at risks

The Bank and its subsidiaries act as trustee receiving the funds from international and other credit institutions in order to grant loans to customers. The Bank and its subsidiaries record loan balance financed by these entrusted funds as its loans, advances and leases to customers. The accounting policies for these loans, advances and leases to customers are in accordance with the regulations of the SBV which are presented in *Note 4.1* and *Note 4.2*.

4.23 *Off-balance sheet commitments*

According to Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN issued by the State Bank of Vietnam, credit institutions are required to classify guarantees, acceptances for payment and irrevocable loan commitments with specific effective date (generally called off-balance sheet commitments) into groups as regulated in Article 10, Circular No. 02/2013/TT-NHNN. Accordingly, off-balance sheet commitments are classified into groups such as *Current*, *Special Mention*, *Substandard*, *Doubtful* and *Loss* based on the overdue status and other qualitative factors.

According to Circular No. 02/2013/TT-NHNN, credit institutions only classify off-balance sheet commitments for managing and monitoring credit quality, not for provision making purpose.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 *Derivatives*

Foreign currency forward and swap contracts

For forward and swap contracts, the difference between VND equivalent of a foreign currency which the Bank and its subsidiaries are committed to buy/sell translated at contractual exchange rate and spot rate at the effective date of the contract is recorded as an asset item - "*Derivatives and other financial assets*" if it is positive or as a liability item - "*Derivatives and other financial liabilities*" if it is negative. This difference will then be allocated to "*Net gain/(loss) from foreign currencies and gold trading*" on a straight-line basis over the contract term. At the interim balance sheet date, commitments related to forward contracts are revalued at the Bank and its subsidiaries' spot exchange rate as at that date. Gain/(loss) arising from revaluation is recognised in the interim consolidated balance sheet and transferred into the consolidated income statement at the end of financial year.

Foreign currency option contracts

Option foreign currency contracts are monitored in the off-balance-sheet items. The difference between spot rate and expected rate is recognised as an asset item - "*Interest receivables from option transactions*" if it is positive or a liability item - "*Interest payables from option transactions*" if it is negative.

Interest swap contracts between two currencies

For the interest swap contracts between two currencies, the difference between interest rate determined on amounts in VND and foreign currency is recognised into the Bank and its subsidiaries' interim consolidated income statement.

Commodity future contracts

The Bank and its subsidiaries provide brokerage service to its customers to sign commodity future contracts. Income from this brokerage activity is recognised to "*Other income*" on the interim consolidated financial statements.

4.25 *Offsetting*

Financial assets and financial liabilities are offset and reported at the net amount in the interim 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 realisation of the assets and settlement of liabilities is made simultaneously.

4.26 *Employee benefits*

4.26.1 *Post employment benefits*

Post employment benefits are paid to retired employees of the Bank and its subsidiaries by the Social Insurance Agency, which belongs to the Ministry of Labour, War 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. The Bank and its subsidiaries have no further obligation.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.26 *Employee benefits* (continued)

4.26.2 *Voluntary resignation*

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

4.26.3 *Unemployment insurance*

According to Circular No. 32/2010/TT-BLDTBXH guiding the detailed implementation of Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, 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.

4.27 *Nil balance*

Items or balances in accordance with the financial reporting mechanism for credit institutions required under Decision No. 16/2007/QD-NHNN issued on 18 April 2007 by the SBV and Circular No. 49/2014/TT-NHNN issued on 31 December 2014 by the SBV that are not shown in these interim consolidated financial statements indicate nil balance.

5. CASH, GOLD AND PRECIOUS STONES

	30 June 2015 VND million	31 December 2014 VND million
Cash on hand in VND	3,972,249	2,991,753
Cash on hand in foreign currencies	1,792,469	1,395,055
Gold	285,147	396,637
Jewelry	24,593	16,650
Other precious metal and stones	15,684	15,735
Valuable papers in foreign currencies	176	112
	6,090,318	4,815,942

6. BALANCES WITH THE CENTRAL BANKS

	30 June 2015 VND million	31 December 2014 VND million
Balances with the State Bank of Vietnam ("SBV")		
- In VND	4,525,085	3,146,939
- In foreign currencies	722,499	586,586
Balance with the National Bank of Cambodia ("NBC")	545,285	249,238
Balances with Bank of the Laos ("BOL")	336,959	306,994
	6,129,828	4,289,757

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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6. BALANCES WITH THE CENTRAL BANKS (continued)

Balances with the SBV include settlement and compulsory deposits. The Bank is required to maintain its balance of settlement deposits at SBV which is not lower than the compulsory reserves monthly. The compulsory deposit is calculated by the average deposit balances of each kind of deposits in the previous month multiplied by the corresponding compulsory reserve ratio.

The compulsory reserve ratios at the end of period are as follows:

	<u>30 June 2015</u>	<u>31 December 2014</u>
Demand deposits and term deposits in VND with maturity less than 12 months	3%	3%
Term deposits in VND with maturity above 12 months	1%	1%
Demand deposits and term deposits in foreign currencies with maturity less than 12 months	8%	8%
Term deposits in foreign currencies with maturity above 12 months	6%	6%

The compulsory deposit rates required by the SBV at the end of period were as follows:

	<u>30 June 2015</u>	<u>31 December 2014</u>
Within compulsory reserve in VND	1.2%	1.2%
Within compulsory reserve in USD	0%	0%
Exceed compulsory reserve in VND	0%	0%
Exceed compulsory reserve in USD	0.05%	0.05%

Included in balances with the NBC are a margin deposit amounting to USD3.8 million (as at 31 December 2014: USD3.8 million), equivalent to 10% of the contributed capital of Sacombank Cambodia Plc for establishment and operation of Sacombank Cambodia Plc and compulsory reserves in accordance with Cambodia's regulations.

Included in balances with BOL are a compulsory margin deposit for establishment and operation of Laos branch and legal compulsory reverses. The minimum rate of compulsory margin deposit is 25% of contributed capital to Laos branch and the Laos branch is allowed to use this deposit for fixing its building under the permission of the BOL.

7. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS

	<u>30 June 2015</u>	<u>31 December 2014</u>
	<u>VND million</u>	<u>VND million</u>
Due from other credit institutions	4,465,365	2,894,719
Loans to other credit institutions	404,503	735,380
	<u>4,869,868</u>	<u>3,630,099</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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7. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS (continued)

7.1 Due from other credit institutions

	<u>30 June 2015</u> VND million	<u>31 December 2014</u> VND million
Demand deposits		
In VND	39,747	52,385
In foreign currencies	1,375,618	1,351,783
Term deposits		
In VND	3,050,000	1,430,000
In foreign currencies	-	60,551
Provision for due from other credit institutions	-	-
	<u>4,465,365</u>	<u>2,894,719</u>

7.2 Loans to other credit institutions

	<u>30 June 2015</u> VND million	<u>31 December 2014</u> VND million
In VND	404,503	735,380
Provision for loans to other credit institutions	-	-
	<u>404,503</u>	<u>735,380</u>

7.3 Analysis of due from and loans to other credit institutions by quality

	<u>30 June 2015</u> VND million	<u>31 December 2014</u> VND million
Current	3,453,951	2,225,379
Loss	552	552
	<u>3,454,503</u>	<u>2,225,931</u>

8. TRADING SECURITIES

	<u>30 June 2015</u> VND million	<u>31 December 2014</u> VND million
Debt securities		
Bills issued by the SBV	9,111,962	5,815,315
Bills issued by the State Treasury	2,969,230	1,750,660
Equity securities		
Issued by domestic economic entities	166,453	166,453
	12,247,645	7,732,428
Provision for trading securities		
Provision for diminution in value of trading securities	(52,828)	(49,087)
	<u>12,194,817</u>	<u>7,683,341</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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8. TRADING SECURITIES (continued)

Listing status of trading securities is as follows:

	<i>30 June 2015</i> <i>VND million</i>	<i>31 December 2014</i> <i>VND million</i>
<i>Debt securities</i>		
Listed	2,969,230	1,750,660
Unlisted	9,111,962	5,815,315
<i>Equity securities</i>		
Listed	103,203	103,203
Unlisted	63,250	63,250
	<u>12,247,645</u>	<u>7,732,428</u>

Changes in provision for trading securities during the period are as follows:

	<i>For the six-month</i> <i>period ended</i> <i>30 June 2015</i> <i>VND million</i>	<i>For the six-month</i> <i>period ended</i> <i>30 June 2014</i> <i>VND million</i>
Beginning balance	49,087	225,870
Provision charged/(reversed) in the period (Note 28)	3,741	(15,563)
Ending balance	<u>52,828</u>	<u>210,307</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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9. DERIVATIVES AND OTHER FINANCIAL ASSETS, LIABILITIES

	<i>Nominal amount (using the exchange rate at the effective date) VND million</i>	<i>Carrying value (using the exchange rate at the interim balance sheet date)</i>	
		<i>Assets VND million</i>	<i>Liabilities VND million</i>
Currency derivatives as at 30 June 2015			
Forward	1,140,338	-	7,172
Swap	14,578,821	27,540	-
Total	15,719,159	27,540	7,172
Net amount		20,368	
Options			
Buy options	1,924,726	-	48,578
Sell options	2,492,851	56,628	-
Total	4,417,577	56,628	48,578
Net amount			(8,050)
Currency derivatives as at 31 December 2014			
Forward	1,133,323	-	13,730
Swap	15,194,429	25,881	-
Total	16,327,752	25,881	13,730
Net amount		12,151	
Options			
Buy options	1,029,032	-	15,150
Sell options	1,269,251	20,061	-
Total	2,298,283	20,061	15,150
Net amount			(4,911)

10. LOANS, ADVANCES AND FINANCE LEASES TO CUSTOMERS

	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Loans to domestic economic entities and individuals	134,168,871	122,032,496
Loans to foreign economic entities and individuals	3,734,789	3,703,539
Loans financed by entrusted funds	1,438,023	1,073,481
Finance leases	1,365,073	1,205,495
Others	477	-
	140,707,233	128,015,011

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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10. LOANS, ADVANCES AND FINANCE LEASES TO CUSTOMERS (continued)

10.1 Analysis of loans, advances and finance leases by quality

The result of self-classification of loans as at 30 June 2015 performed by the Bank and its subsidiaries is as follows:

	<i>30 June 2015</i> <i>VND million</i>	<i>31 December 2014</i> <i>VND million</i>
Current	138,697,647	125,985,614
Special mention	311,960	506,888
Substandard	90,032	102,765
Doubtful	283,007	414,089
Loss	1,324,587	1,005,655
	140,707,233	128,015,011

The result of loan classification as at 30 June 2015 based on the information of the loan classification supplied by CIC is as follows:

	<i>30 June 2015</i> <i>VND million</i>	<i>31 December 2014</i> <i>VND million</i>
Current	136,888,540	125,985,614
Special mention	1,600,729	506,888
Substandard	362,760	102,765
Doubtful	322,029	414,089
Loss	1,533,175	1,005,655
	140,707,233	128,015,011

Included in the balances of "current" loan group as at 30 June 2015 is a loan which is required to be recovered according to the SBV's inspection conclusion. This loan status and resolution plan is reported periodically to the SBV following the merger plan being submitted to the SBV for an official approval.

Also, the balances of the standard loan group as at 30 June 2015 include some current loans which will be made in accordance with the contents of the merger plan being submitted to the SBV for an official approval.

10.2 Analysis of loans, advances and finance leases by original term

	<i>30 June 2015</i> <i>VND million</i>	<i>31 December 2014</i> <i>VND million</i>
Short-term loans	58,174,342	53,769,731
Medium-term loans	56,757,353	51,985,357
Long-term loans	25,775,538	22,259,923
	140,707,233	128,015,011

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10. LOANS, ADVANCES AND FINANCE LEASES TO CUSTOMERS (continued)

10.3 Analysis of loans, advances and finance leases by type of customers and ownership

	30 June 2015		31 December 2014	
	VND million	%	VND million	%
Loans to corporations				
Private limited companies	38,922,434	27.66	35,833,100	27.98
Joint-stock companies	29,236,585	20.78	27,709,316	21.64
Private companies	4,358,418	3.10	3,912,822	3.06
State-owned joint-stock companies	1,158,243	0.82	1,416,353	1.11
State-owned limited companies	1,038,037	0.74	929,037	0.73
Foreign invested enterprises	685,020	0.49	481,254	0.38
State-owned enterprises	332,953	0.24	319,314	0.25
Co-operatives	201,015	0.14	163,046	0.13
Others	184,981	0.13	274,824	0.21
	76,117,686	54.10	71,039,066	55.49
Loans to individuals	64,589,547	45.90	56,975,945	44.51
	140,707,233	100.00	128,015,011	100.00

10.4 Analysis of loans, advances and finance leases by sector

	30 June 2015		31 December 2014	
	VND million	%	VND million	%
Asset trading activities and consultancy services	34,458,946	24.49	30,547,667	23.86
Manufacturing and processing	19,405,454	13.79	18,618,363	14.54
Construction	18,206,193	12.94	15,751,138	12.30
Trading, repair of motor vehicles, motorcycles, personal appliances and household appliances	17,144,942	12.18	16,764,693	13.10
Agriculture, forestry and aquaculture	13,767,726	9.78	12,096,080	9.45
International organisations or parties	11,661,046	8.29	10,178,287	7.95
Households' services and self-consuming productions	7,802,853	5.55	6,997,022	5.47
Education and training	4,738,350	3.37	4,620,480	3.61
Transportation, warehousing and communication	4,664,203	3.31	3,949,995	3.09
Electricity, gas and water supply/distribution	1,778,558	1.26	1,758,287	1.37
Health care and social relief activities	1,532,572	1.09	1,667,593	1.30
Mining exploration	1,337,372	0.95	866,686	0.68
Hotel and accommodation services	1,235,709	0.88	1,319,853	1.03
Financial services, banking and insurance	1,224,758	0.87	1,150,921	0.90
Individuals and public activities	662,342	0.47	538,219	0.42
Science and technology	82,344	0.06	100,205	0.08
Sport and cultural activities	50,222	0.04	49,594	0.04
Others	953,643	0.68	1,039,928	0.81
	140,707,233	100.00	128,015,011	100.00

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10. LOANS, ADVANCES AND FINANCE LEASES TO CUSTOMERS (continued)

10.5 Analysis of loans, advances and finance leases by currency

	30 June 2015		31 December 2014	
	VND million	%	VND million	%
In VND	128,445,930	91.29	116,355,131	90.89
In foreign currencies and gold	12,261,303	8.71	11,659,880	9.11
	140,707,233	100.00	128,015,011	100.00

11. PROVISION FOR CREDIT LOSSES

The Bank and its subsidiaries classify their deposits and loans to other credit institutions, loans, advances and finance leases to customers and off-balance sheet commitments according to Article 10 of Circular No. 02/2013/TT-NHNN dated 21 January 2013 issued by the State Bank of Vietnam effective from 1 June 2014 and Circular No. 09/2014/TT-NHNN issued by the State Bank of Vietnam effective from 20 March 2014. In accordance with Article 8 of Circular No. 02/2013/TT-NHNN, the Bank and its subsidiaries calculate and make provision for credit losses of each quarter within the first 15 working days of the next quarter. Therefore, the balance of provision for credit losses presented in the interim consolidated balance sheet as at 30 June 2015 is made based on the loan classification at the end of Quarter 1 of 2015. The balance of provision for credit losses at the end of Quarter 2 of 2015 will be recorded in the consolidated financial statements of Quarter 3 of 2015 of the Bank and its subsidiaries.

The breakdown of the provision for credit losses presented on the interim consolidated balance sheet as at 30 June 2015 and 31 December 2014 includes:

	Notes	30 June 2015 VND million	31 December 2014 VND million
Provision for due from and loans to other credit institutions	11.1	-	-
Provision for loans, advances and finance leases to customers	11.2	1,586,452	1,368,918
Provision for special bonds issued by VAMC	12.4	750,000	232,346
Provision for other assets	15.3	368,197	433,582
		2,704,649	2,034,846

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11. PROVISION FOR CREDIT LOSSES (continued)

Credit loss expenses incurred during the period are summarised as follows:

	<i>Notes</i>	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Provision reversed for due from and loans to other credit institutions	11.1	-	(6,914)
Provision charged for loans, advances and finance leases to customers	11.2	245,509	203,945
Provision charged for special bonds issued by VAMC	12.4	517,654	-
Provision (reversed)/charged for other assets	15.3	(65,385)	91,548
Provision charged for off-balance sheet commitments	11.3	-	16,303
Total credit loss expenses		697,778	304,882

11.1 Provision for due from and loans to other credit institutions

The result of classification as at 31 March 2015 and corresponding provision for due from and loans to other credit institutions as required by Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN is as follows:

<i>Classification</i>	<i>Outstanding balance VND million</i>	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total provision VND million</i>
Current	2,680,512	-	-	-
Loss	552	-	-	-
	2,681,064	-	-	-

Changes in the provision for due from and loans to other credit institutions in the six-month period ended 30 June 2015 are summarised as follows:

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Beginning balance	-	14,311
Reversal of provision	-	(6,914)
Ending balance	-	7,397

In 2014, the Bank and its subsidiaries fully reversed the general provision for due from and loans to other credit institutions as there is no requirement to make general provision for due from and loans to other credit institutions under Circular No. 02/2013/TT-NHNN.

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11. PROVISION FOR CREDIT LOSSES (continued)

11.2 Provision for loans, advances and finance leases to customers

The result of loan classification as at 31 Mar 2015 adjusted based on the result of loan classification supplied by CIC and corresponding provision for loans, advances and leases to customers as required by Circular No. 02/2013/TT-NHNN, Circular No. 09/2014/TT-NHNN and the policy of the Bank and its subsidiaries is as follows:

<i>Classification</i>	<i>Outstanding balance VND million</i>	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total provision VND million</i>
Current	129,964,283	-	1,021,022	1,021,022
Special mention	1,701,112	46,827	1,355	48,182
Substandard	234,390	21,258	1,027	22,285
Doubtful	737,580	86,758	5,002	91,760
Loss	1,349,969	413,961	-	413,961
	133,987,334	568,804	1,028,406	1,597,210

Changes in the provision for loans, advances and finance leases to customers in the six-month period ended 30 June 2015 are summarised 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
Provision charged in Quarter 1	146,699	81,594	228,293
Provision used to write off bad debts in Quarter 1	(510)	-	(510)
Foreign exchange differences	291	218	509
Balance as at 31 March 2015	568,804	1,028,406	1,597,210
Provision (reversed)/charged in Quarter 2	(1,360)	18,576	17,216
Adjustment for provisions of subsidiaries	1,782	(11)	1,771
Provision used to write off bad debts in Quarter 2	(8,707)	-	(8,707)
Provision used to write off debts sold to VAMC in Quarter 2	(21,153)	-	(21,153)
Foreign exchange differences	115	-	115
Ending balance	539,481	1,046,971	1,586,452

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11. PROVISION FOR CREDIT LOSSES (continued)

11.2 *Provision for loans and advances to customers* (continued)

Changes in the provision for loans, advances and finance leases to customers in the six-month period ended 30 June 2014 are summarised as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Beginning balance	546,821	804,749	1,351,570
Provision charged in Quarter 1	120,396	46,659	167,055
Provision used to write off debts sold to VAMC in Quarter 1	(21,478)	-	(21,478)
Adjustment for provisions of subsidiaries	15,015	(334)	14,681
Foreign exchange differences	(258)	19	(239)
Balance as at 31 March 2014	660,496	851,093	1,511,589
Provision charged in Quarter 2	6,953	29,937	36,890
Provision used to write off bad debts in Quarter 2	(43,467)	-	(43,467)
Provision used to write off debts sold to VAMC in Quarter 2	(38,655)	-	(38,655)
Foreign exchange differences	151	208	359
Closing balance	585,478	881,238	1,466,716

11.3 *Provision for off-balance sheet commitments*

According to Circular No. 02/2013/TT-NHNN, credit institutions only classify off-balance sheet commitments for managing and monitoring credit quality, not for provision making purpose.

Changes in the provision for off-balance sheet commitments in the period are summarised as follows:

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Beginning balance	-	72,104
Provision charged in the period	-	16,303
Ending balance	-	88,407

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12. INVESTMENT SECURITIES

	<u>30 June 2015</u> VND million	<u>31 December 2014</u> VND million
Available-for-sale investment securities		
<i>Debt securities</i>		
- Government bonds (i)	20,208,585	19,721,794
- Bonds issued by other domestic credit institutions (ii)	176,372	427,100
<i>Equity securities</i>		
- Issued by domestic economic entities	101,380	101,380
- Issued by foreign economic entities	536	531
	<u>20,486,873</u>	<u>20,250,805</u>
Provision for available-for-sale investment securities		
- Provision for impairment	(21,434)	(20,647)
Held-to-maturity investment securities (excluding special bonds issued by VAMC)		
Bonds issued by domestic economic entities (iii)	1,000,000	1,000,000
Provision for held-to-maturity investment securities		
- General provision	(7,500)	(7,500)
Special bonds issued by VAMC		
- Par value of special bonds issued by VAMC (iv)	6,236,459	4,935,128
- Provision for special bonds issued by VAMC	(750,000)	(232,346)
Total	<u>26,944,398</u>	<u>25,925,440</u>

- (i) Government bonds have terms from 2 to 5 years and bear the interest at rates from 5.20% to 13.20% p.a. Interest is paid annually. Bonds amounting to VND1,300,293 million have been pledged for loans from other credit institutions and for the limit granted on transactions with the SBV (Note 35.2)
- (ii) Bonds issued by other domestic credit institutions have terms from 10 to 15 years and bear interest at rates from 8.50% to 9% p.a. Interest is paid annually. Bonds amounting to VND161,326 million have been pledged for the limit granted on transactions with the SBV (Note 35.2).
- (iii) Secured bonds issued by a domestic economic entity have term of 5 years, bear interest at rate of 9.46% p.a and will mature on 30 December 2018.
- (iv) Bonds issued by VAMC in exchange of the Bank's bad debts have term of 5 years and interest rate is nil. Movements of VAMC bonds during the period are as follows:

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12. INVESTMENT SECURITIES (continued)

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Beginning balance	4,935,128	628,689
Increased in the period	1,436,575	219,143
Collected in the period	(135,244)	(17,513)
Ending balance	6,236,459	830,319

During the period, the Bank has sold some bad debts to VAMC amounting to VND1,457,728 million and used the corresponding balance of provision for credit losses amounting to VND21,153 million (Note 11.2).

12.1 Available-for-sale investment securities

Listing status of available-for-sale investment securities is as follows:

	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Debt securities		
Listed	20,384,957	20,148,894
Equity securities		
Listed	25,713	25,713
Unlisted	76,203	76,198
	20,486,873	20,250,805

12.2 Held-to-maturity investment securities

Listing status of held-to-maturity investment securities (including special bonds issued by VAMC) is as follows:

	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Debt securities		
Unlisted	7,236,459	5,935,128

12.3 Analysis of investment securities classified as assets with credit risks by quality

<i>Classification</i>	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Current	1,000,000	1,000,000

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12. INVESTMENT SECURITIES (continued)

12.4 Provision for investment securities

Changes in provision in the period are as below:

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Beginning balance		
Available-for-sale investment securities	20,647	169,286
Held-to-maturity investment securities (excluding special bonds issued by VAMC)	7,500	-
Special bonds issued by VAMC (Note 11)	232,346	-
	<u>260,493</u>	<u>169,286</u>
Provision charged /(reversed) in the period		
Available-for-sale investment securities	787	(85,095)
Held-to-maturity investment securities (excluding special bonds issued by VAMC)	-	-
Special bonds issued by VAMC (recorded as credit loss expenses) (Note 11)	517,654	-
Special bonds issued by VAMC (recorded as provision expenses for investment securities)	-	152,828
	<u>518,441</u>	<u>67,733</u>
Ending balance		
Available-for-sale investment securities	21,434	84,191
Held-to-maturity investment securities (excluding special bonds issued by VAMC)	7,500	-
Special bonds issued by VAMC (Note 11)	750,000	152,828
	<u>778,934</u>	<u>237,019</u>

13. LONG-TERM INVESTMENTS

	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Other long-term investments	400,123	400,749
Provision for long-term investments	(122,277)	(136,236)
	<u>277,846</u>	<u>264,513</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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13. LONG-TERM INVESTMENTS (continued)

13.1 Other long-term investments

	<i>30 June 2015</i> <i>VND million</i>	<i>31 December 2014</i> <i>VND million</i>
<i>Investments in other credit institutions</i>		
Unlisted	1,634	1,634
<i>Investments in economic entities</i>		
Unlisted	398,489	399,115
Total other long-term investments	400,123	400,749
Provision for impairment of other long-term investments	(122,277)	(136,236)
	277,846	264,513

13.2 Provision for long-term investments

Changes in provision for long-term investment in the period are as follows:

	<i>For the six-month</i> <i>period ended</i> <i>30 June 2015</i> <i>VND million</i>	<i>For the six-month</i> <i>period ended</i> <i>30 June 2014</i> <i>VND million</i>
Beginning balance	136,236	144,069
Provision (reversed)/charged in the period (Note 31)	(13,959)	18,235
Ending balance	122,277	162,304

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14. FIXED ASSETS

14.1 Tangible fixed assets

	<i>Buildings & structure VND million</i>	<i>Machines & equipment VND million</i>	<i>Vehicles VND million</i>	<i>Others tangible fixed assets VND million</i>	<i>Total VND million</i>
Cost					
As at 31 December 2014	2,158,351	1,434,152	400,311	112,751	4,105,565
Transferred from construction in progress and purchases of fixed assets (Note 15.1)	291,079	12,841	16,077	-	319,997
New purchases	1,724	12,391	7,157	9,260	30,532
Increases from upgrading	-	1,781	-	-	1,781
Disposals	-	(1,709)	(19,262)	(321)	(21,292)
Transferred from foreclosed assets	46,245	-	-	-	46,245
Foreign exchange differences	169	223	116	36	544
As at 30 June 2015	<u>2,497,568</u>	<u>1,459,679</u>	<u>404,399</u>	<u>121,726</u>	<u>4,483,372</u>
Accumulated depreciation					
As at 31 December 2014	223,100	849,621	151,159	50,178	1,274,058
Depreciation charges	36,631	81,298	17,671	5,751	141,351
Charge to Science and Technology Development Fund (Note 20b.(ii))	-	1,945	-	-	1,945
Disposals	-	(1,093)	(1,857)	(246)	(3,196)
Others increases/(decreases)	1,203	-	-	(122)	1,081
Foreign exchange differences	53	174	47	18	292
As at 30 June 2015	<u>260,987</u>	<u>931,945</u>	<u>167,020</u>	<u>55,579</u>	<u>1,415,531</u>
Net book value					
As at 31 December 2014	<u>1,935,251</u>	<u>584,531</u>	<u>249,152</u>	<u>62,573</u>	<u>2,831,507</u>
As at 30 June 2015	<u>2,236,581</u>	<u>527,734</u>	<u>237,379</u>	<u>66,147</u>	<u>3,067,841</u>

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14. FIXED ASSETS (continued)

14.1 *Tangible fixed assets* (continued)

Cost of tangible fixed assets which have been fully depreciated but are still in use as at 30 June 2015 amounted to VND133,918 million (31 December 2014: VND179,198 million).

Included in the machines and equipment 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 Science and Technology Development Fund (*Note 20.b*).

14.2 *Finance lease*

	<i>Vehicles</i> <i>VND million</i>
Cost	
As at 31 December 2014	596
As at 30 June 2015	596
Accumulated depreciation	
As at 31 December 2014	408
Depreciation charges	58
As at 30 June 2015	466
Net book value	
As at 31 December 2014	188
As at 30 June 2015	130

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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14. FIXED ASSETS (continued)

14.3 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				
As at 31 December 2014	2,313,538	554,416	484	2,868,438
Transferred from construction in progress and purchases of fixed assets (Note 15.1)	135,098	3,132	-	138,230
New purchases	-	7,265	-	7,265
Increases from upgrading	-	5	-	5
Transferred from foreclosed assets	475,169	-	-	475,169
Foreign exchange differences	-	91	-	91
As at 30 June 2015	<u>2,923,805</u>	<u>564,909</u>	<u>484</u>	<u>3,489,198</u>
Accumulated amortisation				
As at 31 December 2014	93,923	406,962	273	501,158
Amortisation charges	11,730	36,633	33	48,396
Foreign exchange differences	-	78	-	78
As at 30 June 2015	<u>105,653</u>	<u>443,673</u>	<u>306</u>	<u>549,632</u>
Net book value				
As at 31 December 2014	<u>2,219,615</u>	<u>147,454</u>	<u>211</u>	<u>2,367,280</u>
As at 30 June 2015	<u>2,818,152</u>	<u>121,236</u>	<u>178</u>	<u>2,939,566</u>

Cost of intangible fixed assets which have been fully amortised but are still in use as at 30 June 2015 amounted to VND252,403 million (31 December 2014: VND176,538 million).

Included in the computer software balance are the assets financed by Science and Technology Development Fund with historical cost of VND42,949 million. The accounting policy applied for these assets differs from other similar assets not financed by Science and Technology Development Fund. Accordingly, the depreciations of these assets are funded by Science and Technology Development Fund (Note 20.b).

15. OTHER ASSETS

15.1 Receivables

	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Constructions in progress and purchases of fixed assets (a)	385,102	660,435
Other receivables (b)	3,115,251	4,204,283
	<u>3,500,353</u>	<u>4,864,718</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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15. OTHER ASSETS (continued)

15.1 Receivables (continued)

- (a) This account presents constructions in progress of branches and transaction offices of the Bank and its subsidiaries and advances for purchases of fixed assets. Movements of this account in the period are as follows:

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Beginning balance	660,435	443,856
Increases	185,464	233,086
Transferred to tangible fixed assets (Note 14.1)	(319,997)	(21,245)
Transferred to intangible fixed assets (Note 14.3)	(138,230)	(42,470)
Transferred to deferred expenses and other operating expenses	(308)	(472)
Other decreases	(2,262)	(1,590)
Ending balance	385,102	611,165

- (b) Other receivables comprise of:

	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Internal receivables		
Advances for operations	149,936	823,423
Others	33,202	23,157
	183,138	846,580
External receivables		
Foreclosed assets (i)	1,274,161	1,266,190
Receivables from disposals of trading securities (ii)	786,118	886,468
Receivables from disposals of foreclosed securities (iii)	216,430	306,115
Receivables from remittance activities	159,036	127,393
Margin deposits, collaterals and pledges	52,424	78,972
Receivables from disposals of convertible bonds of Sacombank Securities Company	41,000	61,000
Deposit of Head Office rental	29,827	29,827
Receivables from State Budget relating to interest subsidy program	27,223	29,077
Tax receivables from State Budget	9,637	10,580
Receivables from land leases	-	202,645
Others	336,257	359,436
	2,932,113	3,357,703
	3,115,251	4,204,283

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15. OTHER ASSETS (continued)

15.1 *Receivables* (continued)

- (i) These represent foreclosed assets in which the ownership rights have been transferred to individuals delegated by the Bank. Accordingly, economic benefits arising from these assets still belong to the Bank.
- (ii) In 2014, the Bank sold some trading securities with total proceeds amounting to VND931,903 million which are paid in arrears. As at 30 June 2015, the Bank received deposits and settlement payments of VND145,785 million.
- (iii) These represent the remaining receivables from selling foreclosed securities to a company after netting-off against the payables to another company for repurchase of warehouses and against foreclosed securities of some previous shareholders. The amount is settled every 6 months within 2 years. Up to the date of these interim consolidated financial statements, the Bank has fully collected the receivables.

15.2 *Other assets*

	30 June 2015 VND million	31 December 2014 VND million
Foreclosed assets (a)	532,787	1,024,032
<i>In which:</i>		
- <i>Real estate</i>	315,353	804,226
- <i>Securities</i>	200,525	202,897
- <i>Fund certificate</i>	6,000	6,000
- <i>Others</i>	10,909	10,909
Prepaid expenses (b)	566,169	604,831
Investments in finance leased assets	25,864	30,370
Goodwill (c)	-	15,120
Other assets	32,587	21,032
	1,157,407	1,695,385

- (a) These represent collaterals of loans to customers which were foreclosed to the Bank for writing off bad debts including loans and other receivables. The Bank has completed procedures to transfer the ownership of these assets to the Bank and is in progress to resolve these foreclosed assets in accordance with regulations stipulated by the SBV.
- (b) Prepaid expenses comprise asset rental, asset maintenance and repairing expenses, option fees and interest paid in advance which are amortised for a period from 1 to 50 years.

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15. OTHER ASSETS (continued)

15.2 Other assets (continued)

(c) Movements of goodwill during the period are as below:

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Total goodwill	20,387	20,387
Amortisation period	10 years	10 years
Accumulated amortisation of goodwill at the beginning of the period	3,228	3,228
Remaining balance of goodwill at the beginning of the period	15,120	17,159
Increases during the period	-	-
Decreases during the period	(15,120)	(1,019)
- Amortisation of goodwill	(15,120)	(1,019)
Remaining balance of goodwill at the end of the period	-	16,140

In 2015, the goodwill arisen from the acquisition of SBJ Cambodia Co., Ltd has been fully amortised due to the dissolution of the company.

15.3 Provision for other assets

Provision for other assets includes:

	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Provision for foreclosed assets	213,939	213,939
Provision for other assets	154,258	219,643
	368,197	433,582

Changes in provision for other assets are as follows:

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Opening balance	433,582	305,404
Provision (reserved)/charged in the period	(65,385)	91,548
Ending balance	368,197	396,952

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16. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

16.1 Due to other credit institutions

	30 June 2015 VND million	31 December 2014 VND million
Demand deposits		
In VND	142,373	119,349
In foreign currencies	13,280	49,746
Term deposits		
In VND	1,338,000	3,000
In foreign currencies	1,852,322	1,687,667
	3,345,975	1,859,762

16.2 Borrowings from other credit institutions

	30 June 2015 VND million	31 December 2014 VND million
Borrowings from other credit institutions in VND	1,064,896	962,880
Borrowings from other credit institutions in foreign currencies	1,708,738	1,587,964
	216,730	-
<i>In which: mortgage, pledge borrowings</i>	2,773,634	2,550,844

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17. CUSTOMER DEPOSITS

17.1 Analysis by products

	30 June 2015 VND million	31 December 2014 VND million
Demand deposits		
Demand deposits in VND	25,013,579	21,941,355
Demand deposits in foreign currencies	2,443,158	2,019,385
Demand saving deposits in VND	134,538	134,574
Demand saving deposits in foreign currencies	305,855	237,997
Term deposits		
Term deposits in VND	12,808,272	12,453,018
Term deposits in foreign currencies	2,336,597	1,793,155
Term saving deposits in VND	129,284,655	118,182,084
Term saving deposits in foreign currencies	6,745,503	5,472,368
Margin deposits		
Margin deposits in VND	157,939	160,541
Margin deposits in foreign currencies	514,835	484,751
Deposits for specific purposes		
Deposits for specific purposes in VND	5,992	5,216
Deposits for specific purposes in foreign currencies	15,013	13,424
Margin deposits for other settlement services		
Margin deposits for other settlements in VND	157,461	151,108
Margin deposits for other settlements in foreign currencies	17,619	8,480
	179,941,016	163,057,456

17.2 Analysis by type of customers and ownership

	30 June 2015 VND million	31 December 2014 VND million
Deposits by economic entities		
Private enterprises and others	17,709,315	16,027,988
State-owned enterprises	6,662,944	6,721,007
Foreign invested enterprises	2,343,024	1,969,283
	26,715,283	24,718,278
Deposits by individuals	152,090,052	137,279,537
Deposits by others	1,135,681	1,059,641
	179,941,016	163,057,456

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18. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

	30 June 2015 VND million	31 December 2014 VND million
Cathay United Bank (i)	1,083,650	-
PROPARCO (ii)	296,753	366,085
FMO (iii)	163,552	205,648
ADB (iv)	146,301	192,287
SMEFP (v)	141,190	131,805
IFC (vi)	125,000	156,250
NORFUND (vii)	43,346	63,738
Rabobank Foundation (viii)	2,830	-
	2,002,622	1,115,813

- (i) This represents a syndicated loan financed by Cathay United Bank, Co., Ltd; China Construction Bank Corporation - Singapore Branch; The Shanghai Commercial & Savings Bank, Ltd – Hongkong Branch, E.Sun Commercial Bank, Ltd – Offshore Banking Unit and SinoPac Capital Limited in which Cathay United Bank acts as a mandated lead arranger, facility agent, lender and book runner. The loan is used to finance the Bank's ongoing banking operations with the interest rate of the 6-month LIBOR rate plus 3.25% p.a and the term of 5 years.
- (ii) Grants, entrusted funds and loans in USD from Societe De Promotion Et De Participation Pour La Cooperation Economique S.A ("PROPARCO") are used to finance business entities operating in Vietnam in the medium and long term. The loans bear interest at rates ranging from 3.04% to 3.39% p.a.
- (iii) Grants, entrusted funds and loans from Financierings - Maatschappij Voor Ontwikkingslanden ("FMO"), a bank in Netherland include:
- Loans in VND to finance the purchase of houses from non-business customers who meet requirements of FMO. The loans bear interest at rate of 6.52% p.a. As at 30 June 2015, the outstanding loan balances was VND19,065 million and will mature in the year 2016. The principal and interests are paid every six months.
 - Loans for domestic credit with the limit of USD10 million. The loans have term of five years, mature in 2017 and bear floating interest at rate of Libor 6 months plus (+) 3.2% p.a. As at 30 June 2015, the outstanding loan balances were USD6,666,667 and bear interest at rate of 3.6% p.a.
- (iv) Grants, entrusted funds and loans from Asia Development Bank ("ADB") 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 at rate of 5.16% p.a. and to finance in USD to domestic small and medium enterprises with interest at rate of 2.84% p.a.
- (v) Grants, entrusted funds borrowing from SBV from financing projects for Small and Medium Enterprises which Japan Government sponsors for Vietnam Government through Japan International Cooperation Agency (JICA) aiming to support small and medium enterprises to enhance competitive capacity. The balance comprises of two (02) loans from SMEFP II and SMEFP III with interest at rate of 4.56% p.a.
- (vi) Grants, entrusted funds and loans from International Finance Company ("IFC") to sponsor individuals to buy and repair houses, with the term of ten years. These loans are granted in VND and bear interest at rate of 10.22% p.a.
- (vii) Grants, entrusted funds and loans from Norwegian Investment Fund for Developing Countries ("NORFUND") for domestic credit bear floating interest at rate of Libor 6 months plus (+) 2.7% p.a. The loans have the limit of USD5 million and terms of five years. As at 30 June 2015, the outstanding loan balances were USD 2 million and bear interest at rate of 3.1% p.a.
- (viii) Grants, entrusted funds and loans from Rabobank Foundation, a financial organisation of Netherland, to sponsor for investment in greenhouse for vegetable production of customers appointed by Rabobank with the interest rate at 8% p.a and the term of 5 years.

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19. VALUABLE PAPERS ISSUED

Valuable papers issued are certificates of deposits and bills with the following terms:

	<i>30 June 2015</i> VND million	<i>31 December 2014</i> VND million
Under 12 months	<u>600</u>	<u>600</u>

20. OTHER LIABILITES

	<i>30 June 2015</i> VND million	<i>31 December 2014</i> VND million
Internal payables		
Payables to employees	203,447	289,541
Bonus and welfare funds (a)	93,991	62,166
Termination allowance	1,226	4,911
Other payables	16,358	13,669
External payables		
Payables relating to settlement	232,408	52,146
Tax payables to the State Budget	198,836	104,560
Payables relating to card activities	191,127	136,825
Deferred income	141,737	87,766
Payables to foreign remittance companies	112,645	94,044
Deposit of buying foreclosed assets	71,900	50,000
Remittance payables	30,343	13,017
Science and Technology Development Fund (b)	21,572	23,517
Dividend payables (Note 22.4)	6,849	7,088
Other payables	338,631	290,741
	<u>1,661,070</u>	<u>1,229,991</u>

(a) The movements of bonus and welfare funds in the period are as follows:

	<i>For the six-month period ended 30 June 2015</i> VND million	<i>For the six-month period ended 30 June 2014</i> VND million
Beginning balance	62,166	-
Reclassification	-	75,330
Appropriation during the period (Note 22.1)	288,044	-
Utilisation	(256,219)	-
Ending balance	<u>93,991</u>	<u>75,330</u>

(b) The use of Science and Technology Development Fund in the period is as follows:

	<i>30 June 2015</i> VND million	<i>31 December 2014</i> VND million
Science and Technology Development Fund - unused (i)	4,040	4,040
Science and Technology Development Fund - used (ii)	17,532	19,477
	<u>21,572</u>	<u>23,517</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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20. OTHER LIABILITES (continued)

(b) The use of Science and Technology Development Fund in the period is as follows (continued):

(i) Science and Technology Development Fund - unused:

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Beginning balance	4,040	4,040
Utilisation	-	-
Ending balance	4,040	4,040

(ii) Science and Technology Development Fund - used:

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Beginning balance	19,477	32,043
Utilisation	(1,945)	(6,283)
Ending balance	17,532	25,760

21. OBLIGATIONS TO THE STATE BUDGET

	<i>Beginning balance VND million</i>	<i>Movements during the period</i>			<i>Ending balance VND million</i>
		<i>Payables VND million</i>	<i>Paid VND million</i>	<i>Adjusted VND million</i>	
Value added tax	15,033	90,879	(90,091)	-	15,821
Corporate income tax	38,582	345,521	(229,154)	(249)	154,700
Other taxes	40,365	128,979	(150,675)	9	18,678
	93,980	565,379	(469,920)	(240)	189,199

Corporate income tax ("CIT")

The Bank and its subsidiaries have the obligation to pay CIT at the rate of 22% of taxable profits in the current period (the previous period: 22%). Saccombank Cambodia has the obligation to pay CIT at the rate of 20% of taxable profits in the current period in Cambodia (the previous period: 20%).

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

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21. OBLIGATIONS TO THE STATE BUDGET (continued)

Corporate income tax ("CIT") (continued)

Current CIT

The current CIT payables are determined based on taxable income of the period. The taxable income differs from profit as reported in the interim 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 tax policies, and also excludes items that are not taxable or deductible. The current CIT payables are calculated using tax rates that have been enacted by the interim consolidated balance sheet date.

Provision for current CIT expenses in the period is calculated as follows:

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Profit before tax	1,525,311	1,624,278
<i>Deduct:</i>		
- Tax-exempt dividend income	(8,390)	(33,414)
- Unrealised profits from foreign exchange differences	-	(139)
<i>Add:</i>		
- Unrealised losses from foreign exchange differences	1,106	-
- Non-deductible expenses	957	4,263
- Depreciation expenses	2,093	2,947
Estimated taxable profit	1,521,077	1,597,935
The Bank's CIT expense at rate of 22% (2014: 22%)	310,996	329,562
Subsidiaries' CIT expense at rate of 22% (2014: 22%)	19,564	19,206
Subsidiaries' CIT expense at rate of 20% (2014: 20%)	7,864	5,224
Tax expenses on the transfer of land use right	132	602
Additional tax of previous years	6,965	-
Total estimated CIT expenses in the period	345,521	354,594
CIT payables/(receivables) at the beginning of the period	38,582	(53,289)
CIT paid during the period	(229,154)	(124,554)
CIT adjustments of the subsidiaries	(249)	(3,578)
CIT payables at the end of the period	154,700	173,173

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22. OWNERS' EQUITY

22.1 Statement of changes in owners' equity

VND million

	Charter capital	Fund for capital expenditure	Share premium	Treasury share	Other capital	Investment and development fund	Financial reserve	Supplementary capital reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total
As at 31 December 2014	12,425,116	795	1,671,693	(1,506,878)	153	96,393	1,108,552	734,017	104,270	3,429,086	4	18,063,201
Net profit for the period	-	-	-	-	-	-	-	-	-	1,179,790	-	1,179,790
Additional appropriation reserves for prior year	-	-	-	-	-	1,625	223,671	116,956	-	(342,252)	-	-
Appropriation for bonus and welfare fund (Note 20.a)	-	-	-	-	-	-	-	-	-	(288,044)	-	(288,044)
Foreign currency translation differences	-	-	-	-	-	-	(62)	-	4,782	-	-	4,782
Reserves used	-	-	-	-	-	-	-	-	-	(565)	-	(565)
Other decreases	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 June 2015	12,425,116	795	1,671,693	(1,506,878)	153	98,018	1,332,161	850,973	109,052	3,978,015	4	18,959,102

At the 2015 Annual General Meeting held on 21 April 2015, the shareholders of the Bank have approved the stock dividends for the year 2014 at the rate of 12% of the charter capital. Simultaneously, the shareholders have designated the Board of Management to complete necessary procedures for the settlement of the 2014 stock dividends after being approved by the State Bank of Vietnam, and continue to make the 2013 dividends payment, distribution of treasury shares and bonus shares as stated in the resolution of the 2014 Annual General Meeting. The Bank is seeking for approval from the State Bank of Vietnam for the plan of issuing new shares to the existing shareholders for paying the 2013 and 2014 stock dividends at 8% and 12%, respectively, using treasury shares and issuing bonus shares from part of the outstanding share premium.

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22. OWNERS' EQUITY (continued)

22.1 Statement of changes in owners' equity (continued)

Details of the Bank's shares are as follows:

	30 June 2015 Share	31 December 2014 Share
Number of authorised shares	1,242,511,590	1,242,511,590
Number of issued shares	1,242,511,590	1,242,511,590
- Ordinary shares	1,242,511,590	1,242,511,590
- Preference shares	-	-
Number of treasury shares	(100,000,000)	(100,000,000)
- Ordinary shares	(100,000,000)	(100,000,000)
- Preference shares	-	-
Number of outstanding shares	1,142,511,590	1,142,511,590
- Ordinary shares	1,142,511,590	1,142,511,590
- Preference shares	-	-

22.2 The Bank's statutory reserves

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:

	Basis for calculation	Maximum balance
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 only creates the above reserves from net profit after tax at the end of the fiscal year.

22.3 Subsidiaries' statutory reserves

Statutory reserves of the Bank's subsidiaries are made in accordance with the decision of the Bank for each period.

Sacombank Cambodia PLC and Sacombank Jewelry Cambodia Co., Ltd. are not required to make the reserves.

22.4 Dividends

	For the six-month period ended 30 June 2015 VND million	For the six-month period ended 30 June 2014 VND million
Dividend payables at the beginning of the period	7,088	42,161
Dividend paid in the period	(239)	(34,235)
Dividend payables at the end of the period	6,849	7,926

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23. EARNINGS PER SHARE

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

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

Information used to calculate basic and diluted earnings per share of the Bank are as follows:

	<i>For the six-month period ended 30 June 2015</i>	<i>For the six-month period ended 30 June 2014 (Restated)</i>
Net profit after tax (VND million)	1,179,790	1,270,248
Deduct: Bonus and welfare fund (VND million) (*)	-	(165,827)
Net profit attributable to ordinary shareholders in the period (VND million)	1,179,790	1,104,421
Weighted average number of outstanding ordinary shares in the period (share)	1,142,511,590	1,142,511,590
<i>Effect of dilution:</i>		
8% stock dividends of the year 2013	91,400,927	91,400,927
Distributing 100 million treasury shares and a part of share premium at the rate of 10% to existing shareholders	114,251,159	114,251,159
Weighted average number of outstanding ordinary shares adjusted for the effect of dilution (share)	1,348,163,676	1,348,163,676
Basic earnings per share (VND)	1,033	967
Diluted earnings per share (VND)	875	819

(*) For the six-month period ended 30 June 2015, the Bank and its subsidiaries have not yet allocated bonus and welfare fund for the year 2015.

Diluted earnings per share are calculated based on weighted average number of outstanding ordinary shares in the period adjusted for potential shares that would be issued, including 8% stock dividends and distribution of 100 million treasury shares and a part of share premium at the rate of 10% to existing shareholders in accordance with Resolution of General Meeting of Shareholders dated 25 March 2014. The Bank is seeking approval from the State Bank of Vietnam for the plan of issuing new shares to pay stock dividends at 8% and using treasury shares and issuing bonus shares from a part of share premium to existing shareholders.

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24. INTEREST AND SIMILAR INCOME

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Interest income from loans to customers and other credit institutions	6,469,659	6,534,673
Interest income from investments in debt securities	1,032,539	1,054,508
- Interest income from trading securities	151,309	84,493
- Interest income from investment securities	881,230	970,015
Interest income from deposits	95,113	68,448
Income from guarantee services	75,188	53,338
Interest income from finance leases	73,603	58,499
Income from other credit activities	69,471	72,635
	7,815,573	7,842,101

25. INTEREST AND SIMILAR EXPENSES

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Interest expenses on deposits	3,874,890	4,170,993
Interest expenses on borrowings	80,700	167,033
Interest expenses on valuable papers	5	491
Expenses from other credit activities	66,152	50,794
	4,021,747	4,389,311

26. NET FEES AND COMMISSION INCOME

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Fees and commission income		
Income from settlement services	264,711	258,568
Income from treasury services	116,854	80,149
Income from warehouse leases	88,381	77,370
Income from remittance services	25,544	28,628
Income from advisory services	8,586	10,826
Other income	298,505	223,591
	802,581	679,132
Fees and commission expenses		
Expenses from settlement services	(89,512)	(70,577)
Expenses from postal and communication	(59,552)	(43,497)
Expenses from brokerage services	(26,126)	(24,461)
Expenses from treasury services	(14,744)	(15,812)
Other expenses	(83,231)	(74,622)
	(273,165)	(228,969)
Net fees and commission income	529,416	450,163

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27. NET GAIN FROM FOREIGN CURRENCIES AND GOLD TRADING

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Income from foreign currencies and gold trading		
Income from spot foreign exchange	146,482	139,564
Income from gold trading	12,320	16,889
Income from derivatives	566,171	218,517
	<u>724,973</u>	<u>374,970</u>
Expenses from foreign currencies and gold trading		
Expenses from spot foreign exchange	(51,806)	(15,792)
Expenses from gold trading	(8,917)	(4,930)
Expenses from derivatives	(546,054)	(225,430)
	<u>(606,777)</u>	<u>(246,152)</u>
Net gain from foreign currencies and gold trading	<u>118,196</u>	<u>128,818</u>

28. NET (LOSS)/GAIN FROM DEALING OF TRADING SECURITIES

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Expenses from dealing of trading securities	-	(218)
(Charge)/reversal of provision for trading securities (Note 8)	(3,741)	15,563
Net (loss)/gain from dealing of trading securities	<u>(3,741)</u>	<u>15,345</u>

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

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Income from dealing of investment securities	8,996	23,938
Expenses from dealing of investment securities	(4,608)	(69,755)
Provision charged for investment securities (Note 12.4)	(787)	(67,733)
Net gain/(loss) from dealing of investment securities	<u>3,601</u>	<u>(113,550)</u>

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30. NET OTHER INCOME

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Other income		
Income from recovery of written off bad debts	13,858	2,683
Income from disposal of fixed assets	9,791	7,215
Income from reversal of accrued Head Office rental expense	-	84,245
Income from cash surplus from ATM	-	5,458
Other income	31,011	33,191
	<u>54,660</u>	<u>132,792</u>
Other expenses		
Expenses from disposal of fixed assets	(18,096)	(11,279)
Other expenses	(12,266)	(18,245)
	<u>(30,362)</u>	<u>(29,524)</u>
Net other income	<u>24,298</u>	<u>103,268</u>

31. NET INCOME FROM LONG-TERM INVESTMENTS

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Dividend received from capital contribution	8,390	31,042
- From equity trading securities	1,110	17,357
- From long-term investments	1,831	10,277
- From equity investment securities	5,449	3,408
Reversal/(charge) of provision for long-term investments (Note 13.2)	13,959	(18,235)
	<u>22,349</u>	<u>12,807</u>

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32. OPERATING EXPENSES

	<i>For the six-month period ended 30 June 2015 VND million</i>	<i>For the six-month period ended 30 June 2014 VND million</i>
Tax expenses and fees	34,645	39,800
Personnel expenses	1,318,185	1,224,478
<i>In which:</i>		
<i>Salary and allowances</i>	1,195,151	1,136,093
<i>Salary related expenses</i>	99,623	87,555
<i>Other allowances</i>	23,411	830
Asset expenditures	491,985	448,175
<i>In which:</i>		
<i>Depreciation and amortization charges</i>	154,798	143,593
Other operating expenses	320,806	287,040
<i>In which:</i>		
<i>Business trip expenses</i>	13,242	11,928
Insurance expenses for customer deposits	99,235	120,988
	2,264,856	2,120,481

33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represented in the interim consolidated cash flow statement comprise the following balances in the interim consolidated balance sheet:

	<i>30 June 2015 VND million</i>	<i>30 June 2014 VND million</i>
Cash, gold and precious stones	6,090,318	5,652,494
Balances with the Central Banks	6,129,828	3,671,600
Demand deposits with other credit institutions	1,415,365	1,371,373
Due from and loans to other credit institutions with terms under three months	3,050,000	3,647,117
Bills issued by the SBV	9,111,962	3,366,064
Bills issued by the State Treasury	2,969,230	1,481,430
	28,766,703	19,190,078

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34. EMPLOYEES' INCOME

	<i>For the six-month period ended 30 June 2015</i>	<i>For the six-month period ended 30 June 2014</i>
I. Total average number of employees (person)	12,810	12,017
II. Employees' income (VND million)		
1. Total salary and advances	1,025,791	903,402
2. Bonuses	505,927	202,324
3. Total income (1+2)	1,531,718	1,105,726
4. Average salary per month (VND/person)	13,346,227	12,529,500
5. Average income per month (VND/person)	19,928,676	15,335,580

35. COLLATERALS ASSETS

35.1 Collaterals pledged and mortgaged to the Bank

The below table shows the carrying value of collateral assets pledged and mortgaged to the Bank at the end of period:

	<i>Carrying value</i>	
	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Real estates	198,527,810	177,175,656
Valuable papers	18,614,006	18,710,138
Transportation vehicles	12,211,895	9,465,045
Machinery and equipment	4,147,989	4,078,687
Inventories	4,133,788	4,238,733
Other assets	16,848,530	10,555,483
	254,484,018	224,223,742

35.2 Collaterals pledged and mortgaged by the Bank

The below table shows the carrying value of collateral assets pledged or mortgaged by the Bank at the end of the period:

	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Government bonds (Note 12)	1,300,293	2,806,707
Bonds issued by other domestic credit institutions (Note 12)	161,326	151,466
	1,461,619	2,958,173

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36. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank and its subsidiaries are the parties to financial instruments which are recorded as off-balance-sheet items. These financial instruments mainly comprise guarantee commitments and commercial letters of credit. These instruments involve elements of credit risk in excess of the amounts recognised in the interim 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, performance of the contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending loans to other customers.

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

Deferred payment letters of credit represent the amounts at risk should the contract be fully drawn upon but the client defaults in repayment to the beneficiary. Deferred payment letters of credit that defaulted by clients are recognised 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.

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.

Foreign exchange commitments include buy and sell foreign exchange spot and swap commitments. Buy and sell foreign exchange spot commitments are the commitments that the Bank and its subsidiaries will buy one currency against selling another currency at the exchange rate agreed in the contract with a standard settlement timeframe of two (2) days from the trade date. Foreign exchange swap commitments are the commitments of simultaneous purchase and sale of identical amounts of one currency for another (only two currencies in the transaction) with the same counterparty, normally spot to forward transaction with the exchange rate agreed at the time of spot transaction.

The outstanding commitments and contingent liabilities as at the end of period are as follows:

	30 June 2015 VND million	31 December 2014 VND million
Letters of credit	7,899,728	8,646,367
Foreign exchange commitments	41,670,217	38,574,959
- <i>Buying commitments</i>	6,107,664	4,346,830
- <i>Selling commitments</i>	5,980,187	3,265,376
- <i>Swap transactions</i>	29,582,366	30,962,753
Guarantees for borrowings	192,058	190,294
Other guarantees	4,211,659	3,290,959
Other commitments	11,215	11,103
	<u>53,984,877</u>	<u>50,713,682</u>
Less: Margin deposits	(544,426)	(526,579)
Contingent liabilities and commitments	<u>53,440,451</u>	<u>50,187,103</u>

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36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

The result of classification of off-balance sheet commitments as required by Circular No. 02/2013/TT-NHNN, Circular No. 09/2014/TT-NHNN and the policy of the Bank and its subsidiaries is as follows:

	<u>30 June 2015</u> VND million	<u>31 December 2014</u> VND million
Current	12,314,660	12,138,723
<i>In which</i>		
- Letters of credit	7,899,728	8,646,367
- Guarantees for borrowings	192,058	190,294
- Other guarantees	4,211,659	3,290,959
- Other commitments	11,215	11,103

37. RELATED PARTY TRANSACTIONS

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

- (a) Directly, or indirectly through one or more intermediaries, the party:
- ▶ controls, is controlled by, or is under common control with, the Bank (including parents and subsidiaries);
 - ▶ has an interest in the Bank and its subsidiaries (owning 5% or more of the charter capital or voting share capital) that gives it significant influence over the Bank and its subsidiaries;
 - ▶ has joint control over the Bank and its subsidiaries.
- (b) The party is a joint venture in which the Bank and its subsidiaries are ventures (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 or 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).

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37. RELATED PARTY TRANSACTIONS (continued)

Significant transactions with related parties in the current period are as follows:

<i>Related party</i>	<i>Transaction</i>	<i>For the six-month period ended 30 June 2015</i>	<i>For the six-month period ended 30 June 2014</i>
Members of key management of the Bank and its subsidiaries	Interest income from loans	1,320	1,144
	Interest expenses from deposits	2,202	2,032
	Board of Management's after-tax remuneration	15,970	16,528
	Board of Directors' after-tax remuneration	39,825	39,185
Related parties to members of key management of the Bank and its subsidiaries	Interest income from loans/deposits	6,599	1,697
	Interest expenses from borrowings/deposits	1,744	2,075
Major shareholders (ownership of 5% or above of charter capital)	Interest income from loans/deposits	-	94
	Other incomes	2,371	-
	Other expenses	18,213	-
Related parties to major shareholders	Interest income from loans	4,969	18,970
	Interest expense from deposits	2,437	1,141

Receivables and payables with related parties at the end of the period are as follows:

<i>Related party</i>	<i>Transaction</i>	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Members of key management of the Bank and its subsidiaries	Loans	44,264	50,830
	Deposits	(102,709)	(117,023)
Related parties of members of key management of the Bank and its subsidiaries	Loans	18,127	45,962
	Deposits	(74,517)	(63,596)
	Due from other credit institutions	600,000	-
Related parties to major shareholders	Loans	90,000	131,701
	Deposits	(121,902)	(98,685)

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

	<i>Domestic VND million</i>	<i>Overseas VND million</i>	<i>Total VND million</i>
Assets as at 30 June 2015 (*)			
Due from and loans to other credit institutions	3,817,483	1,052,385	4,869,868
Loans, advances and finance leases to customers	136,972,444	3,734,789	140,707,233
Derivative financial instruments (Nominal amount)	14,945,859	773,300	15,719,159
Trading and investment securities	39,970,441	536	39,970,977
Long-term investments	400,123	-	400,123
Liabilities as at 30 June 2015			
Due to and borrowings from other credit institutions	4,534,048	1,585,561	6,119,609
Customer deposits	177,653,639	2,287,377	179,941,016
Grants, entrusted funds and loans exposed to risks	242,140	1,760,482	2,002,622
Valuable papers issued	600	-	600
Off-balance sheet commitments as at 30 June 2015	12,310,917	3,743	12,314,660

(*) excluding provisions

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39. SEGMENT REPORT

39.1 Primary segment report: by geographical region

Information of income, expenses, assets and liabilities of by geographical area of the Bank and its subsidiaries as at and for the six-month period ended 30 June 2015 is as follows:

	South VND million	North VND million	Middle VND million	Laos VND million	Cambodia VND million	Total segment reported VND million	Eliminations VND million	Total VND million
Interest and similar income	8,007,622	1,203,538	1,336,765	81,343	95,846	10,725,114	(2,909,541)	7,815,573
Interest and similar expenses	(5,414,040)	(739,049)	(715,901)	(35,467)	(26,831)	(6,931,288)	2,909,541	(4,021,747)
Net interest and similar income	2,593,582	464,489	620,864	45,876	69,015	3,793,826		3,793,826
Non-interest income	560,812	64,368	48,350	6,609	13,980	694,119		694,119
TOTAL OPERATING INCOME	3,154,394	528,857	669,214	52,485	82,995	4,487,945		4,487,945
TOTAL OPERATING EXPENSES	(1,699,178)	(236,853)	(239,713)	(29,033)	(60,079)	(2,264,856)		(2,264,856)
Profit before credit loss expenses	1,455,216	292,004	429,501	23,452	22,916	2,223,089		2,223,089
Credit loss expenses	(692,089)	-	-	(1,249)	(4,440)	(697,778)		(697,778)
PROFIT BEFORE TAX	763,127	292,004	429,501	22,203	18,476	1,525,311		1,525,311
Corporate income tax expenses	(337,585)	-	-	-	(7,936)	(345,521)		(345,521)
NET PROFIT FOR THE PERIOD	425,542	292,004	429,501	22,203	10,540	1,179,790		1,179,790
ASSETS								
Due from and loans to other credit institutions	5,691,093	24,237	2,491	25,611	483,792	6,227,224	(1,357,356)	4,869,868
Loans, advances and finance leases to customers	98,101,175	15,056,810	22,289,462	1,410,015	2,263,319	139,120,781	-	139,120,781
Investments	39,416,525	-	-	-	536	39,417,061	-	39,417,061
Other assets	22,958,777	1,738,212	1,834,919	727,585	738,795	27,998,288	(628,407)	27,369,881
TOTAL ASSETS	166,167,570	16,819,259	24,126,872	2,163,211	3,486,442	212,763,354		210,777,591
LIABILITIES								
Due from and borrowings from other credit institutions	5,915,463	3,370	12,743	12,365	1,533,024	7,476,965	(1,357,356)	6,119,609
Customer deposits	124,421,309	29,991,283	23,442,491	1,041,627	1,044,306	179,941,016	-	179,941,016
Other liabilities	5,194,386	629,277	384,935	139,046	38,627	6,386,271	(628,407)	5,757,864
TOTAL LIABILITIES	135,531,158	30,623,930	23,840,169	1,193,038	2,615,957	193,804,252		191,818,489

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39. SEGMENT REPORT (continued)

39.2 *Secondary segment report: by business sector*

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

Individual and corporate customer:

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

- Customer deposits;
- Loans, advances and finance leases to customers;
- Card services and remittance services.

Investments:

Securities investments and other long-term investments

Interbank:

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

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39. SEGMENT REPORT (continued)

39.2 Secondary segment report: by business sector (continued)

Information on assets and liabilities of the business sectors of the Bank and its subsidiaries as at 30 June 2015 is as follows:

	<i>Individual and corporate customer VND million</i>	<i>Investments VND million</i>	<i>Interbank VND million</i>	<i>Un-allocated general activities VND million</i>	<i>Total VND million</i>
ASSETS					
Cash, gold and precious stones	-	-	-	6,090,318	6,090,318
Balances with the Central Banks	-	-	6,129,828	-	6,129,828
Due from and loans to other credit institutions	-	-	4,869,868	-	4,869,868
Trading securities	-	12,194,817	-	-	12,194,817
Derivatives and other financial assets	-	-	25,774	-	25,774
Loans, advances and finance leases to customers	139,120,781	-	-	-	139,120,781
Investment securities	-	26,944,398	-	-	26,944,398
Long-term investments	-	277,846	-	-	277,846
Fixed assets	-	-	-	6,007,537	6,007,537
Other assets	5,514,917	-	68,247	2,826,964	9,121,830
TOTAL ASSETS	144,635,698	40,128,763	11,093,717	14,924,819	210,782,997
LIABILITIES					
Due to and borrowings from other credit institutions	-	-	6,119,609	-	6,119,609
Derivatives and other financial liabilities	5,406	-	-	-	5,406
Customer deposits	179,941,016	-	-	-	179,941,016
Grants, entrusted funds and loans exposed to risks	-	-	2,002,622	-	2,002,622
Valuable papers issued	600	-	-	-	600
Other liabilities	3,016,249	79,153	50,714	608,526	3,754,642
TOTAL LIABILITIES	182,963,271	79,153	8,172,945	608,526	191,823,895

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

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40. RISK MANAGEMENT

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

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

(i) Risk management structure

The Board of 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.

(iii) 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 the Bank and its subsidiaries' compliance with the 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 is an estimate of the ultimate actual loss based on statistical models.

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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40. RISK MANAGEMENT (continued)

(vi) Risk measurement and reporting systems (continued)

Information compiled from all business activities is examined and processed in order to analyze, control and early identify risks. This information is presented and explained to the Board of Management, Board of Directors, and the departments' head. 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 collateral to reduce their credit risks.

(viii) Excessive risk concentration

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

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

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

41. CREDIT RISK

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

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

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

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41. CREDIT RISK (continued)

41.1 *The maximum exposure to credit risk before collateral held or other credit enhancements*

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

	<i>30 June 2015</i> <i>VND million</i>	<i>31 December 2014</i> <i>VND million</i>
Credit risk exposures relating to on-balance sheet items		
Due from and loans to other credit institutions	4,869,868	3,630,099
Loans, advances and finance leases to customers		
- Individual	64,589,547	56,975,945
- Corporation	76,117,686	71,039,066
Derivatives financial instruments	20,368	12,151
Investment securities		
- Debt securities - available for sale	176,372	427,100
- Debt securities - held to maturity	7,236,459	5,935,128
Other financial assets	6,082,008	6,844,881
Credit risk exposures relating to off-balancesheet items		
Financial guarantees	4,403,717	3,481,253
Letters of credit	7,899,728	8,646,367
Other commitments	11,215	11,103

This table presents the worst scenario which the maximum losses which the Bank and its subsidiaries may suffer as at 30 June 2015 and 31 December 2014, without taking into account of any collateral held or their credit enhancements.

41.2 *Financial assets neither past due nor impaired*

The Bank and its subsidiaries' financial assets are neither past due nor impaired include loans, advances and finance leases to customers classified as Group 1 in accordance with Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN; securities, receivables and other financial assets which are not past due and no provision is required in accordance with Circular No. 228/2009/TT-BTC and Circular No. 89/2013/TT-BTC.

The Bank and its subsidiaries believe that they can recover fully and timely these financial assets in the near future.

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41. CREDIT RISK (continued)

41.3 Financial assets past due but not impaired

Aging of past due financial assets but not impaired is presented as below:

	Past due				Total VND million
	Less than 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	
Loans to other credit institutions	-	-	-	552	552
Loans, advances and finance leases to customers	264,737	16,134	15,532	211,274	507,677
Receivables	5,664	-	-	-	5,664
	270,401	16,134	15,532	211,826	513,893

Loans, advances 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 fully by collaterals under the form of corresponding deposits, real estate, movable assets, valuable papers and other assets.

Receivables past due but not impaired are the receivables which are overdue under six (6) months and no provision is required in accordance with Circular No. 228/2009/TT-BTC and Circular No. 89/2013/TT-BTC.

42. MARKET RISK

42.1 Interest rate risk

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

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

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

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

- ▶ Cash, gold, precious stones, long-term investments, other assets (including fixed assets, investment properties and other assets) and other liabilities are classified as non-interest bearing items;
- ▶ Balances with the Central Banks are considered as current and the re-pricing term is therefore considered within one (1) month;
- ▶ The re-pricing term of investment securities and trading securities is determined based on the maturity term of each kind of securities as at the interim consolidated balance sheet date;

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42. MARKET RISK (continued)

42.1 *Interest rate risk* (continued)

- ▶ The re-pricing term of balances due from and loans to other credit institutions; loans, advances and finance leases to customers; borrowings from the Government and the Central Banks; due to and borrowings from other credit institutions; customer deposits and grants, entrusted funds and loans exposed to risks is determined as follows:
 - Items which bear fixed interest rate for the entire contractual term: The re-pricing term is determined based on the remaining contractual term calculated from the interim consolidated balance sheet date;
 - Items which bear floating interest rate: The re-pricing term is determined based on the next interest re-pricing date subsequent to the interim consolidated balance sheet date;
- ▶ The re-pricing term of valuable papers is determined based on the remaining maturity term of each valuable paper.

The following table presents the interest re-pricing period of the Bank and its subsidiaries' assets and liabilities as at 30 June 2015.

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

42.1 Interest rate risk (continued)

	Overdue VND million	Non-interest bearing VND million	Interest re-pricing period					Above 5 years VND million	Total VND million
			Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million		
Assets									
Cash, gold and precious stones	-	6,090,318	-	-	-	-	-	-	6,090,318
Balances with the Central Banks	-	-	6,129,828	-	-	-	-	-	6,129,828
Due from and loans to other credit institutions - gross	552	-	4,869,316	-	-	-	-	-	4,869,868
Trading securities - gross	-	166,453	4,949,357	5,631,835	-	1,500,000	-	-	12,247,645
Derivatives and other financial assets	-	20,368	-	-	-	-	-	-	20,368
Loans, advances and finance leases to customers - gross	2,009,586	-	44,496,963	85,686,137	1,186,408	1,592,664	4,902,453	833,022	140,707,233
Investment securities - gross	-	6,338,375	-	190,714	2,539,304	8,197,146	10,395,226	62,567	27,723,332
Long-term investments - gross	-	400,123	-	-	-	-	-	-	400,123
Fixed assets	-	6,007,537	-	-	-	-	-	-	6,007,537
Other assets - gross	293,638	9,196,389	-	-	-	-	-	-	9,490,027
Total assets	2,303,776	28,219,563	60,445,464	91,508,686	3,725,712	11,289,810	15,297,679	895,589	213,686,279
Liabilities									
Due to and borrowings from other credit institutions	-	906,453	2,841,055	1,902,126	289,129	175,656	1,009	4,181	6,119,609
Customer deposits	-	849,750	90,260,552	30,796,880	23,731,938	24,344,657	9,921,818	35,421	179,941,016
Grants, entrusted funds and loans exposed to risks	-	-	4,285	283,206	1,618,552	31,250	65,329	-	2,002,622
Valuable papers issued	-	-	600	-	-	-	-	-	600
Other liabilities	-	3,754,642	-	-	-	-	-	-	3,754,642
Total liabilities	-	5,510,845	93,106,492	32,982,212	25,639,619	24,551,563	9,988,156	39,602	191,818,489
Interest rate sensitivity of on-balance sheet items	2,303,776	22,708,718	(32,661,028)	58,526,474	(21,913,907)	(13,261,753)	5,309,523	855,987	21,867,790

No analysis on interest sensitivity is performed for the period ended 30 June 2015 due to unavailability of sufficient data and technology.

Saigon Thuong Tin Commercial Joint Stock Bank

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

42.2 Currency risk

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

The Bank and its subsidiaries are incorporated and operate in Vietnam, so VND is the reporting currency. The major currency in which the Bank and its subsidiaries transact is also VND. However, some transactions are denominated in gold, USD, EUR and other foreign currencies, except for Laos Branch whose major currency is LAK, and Sacombank Cambodia PLC and Sacombank Jewellery Cambodia Co. whose major currency is USD. The Bank and its subsidiaries have set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure positions of the currencies are maintained within established limits.

Classification of assets and liabilities of foreign currencies translated into VND as at 30 June 2015 is as follows:

	<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	178,546	1,102,492	285,147	551,884	2,118,069
Balances with the Central Banks	-	1,418,296	-	186,447	1,604,743
Due from and loans to other credit institutions - gross	18,679	1,252,008	-	104,931	1,375,618
Derivatives and other financial assets	265,764	209,662	-	-	475,426
Loans, advances and finance leases to customers - gross	-	11,048,231	26,794	1,186,278	12,261,303
Investment securities - gross	-	536	-	-	536
Fixed assets	-	23,067	-	291,277	314,344
Other assets - gross	507	411,742	67	38,783	451,099
Total assets	463,496	15,466,034	312,008	2,359,600	18,601,138
Liabilities					
Due to and borrowings from other credit institutions	30	3,555,861	-	18,449	3,574,340
Customer deposits	295,402	11,106,495	6,143	970,540	12,378,580
Derivatives and other financial liabilities	-	-	-	363,574	363,574
Grants, entrusted funds and loans exposed to risks	-	1,613,587	-	-	1,613,587
Valuable papers issued	-	4	-	-	4
Other liabilities	6,532	174,812	52	94,941	276,337
Total liabilities	301,964	16,450,759	6,195	1,447,504	18,206,422
Foreign exchange position on-balance sheet	161,532	(984,725)	305,813	912,096	394,716
Foreign exchange position off-balance sheet	(127,391)	533,176	(240,704)	(39,028)	126,053
Foreign exchange position on and off-balance sheet	34,141	(451,549)	65,109	873,068	520,769

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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42. MARKET RISK (continued)

42.2 Currency risk (continued)

Foreign currency sensitivity

No analysis on foreign currency sensitivity is performed for the six-month period ended 30 June 2015 due to unavailability of sufficient data and technology.

42.3 Liquidity risk

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

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

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

- ▶ Balances with the Central Bank 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 liquidity of investments in Government bonds and bonds issued by the Vietnam Development Bank is considered as one month because of their high liquidity in the market;
- ▶ The maturity term of due from and loans to other credit institutions; loans, advances and finance leases to customers is determined based on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended;
- ▶ The maturity term of long-term investments is considered as more than one year because these investments do not have specific maturity date;
- ▶ The maturity term of due from 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, being 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 table below summarises the Bank and its subsidiaries' assets and liabilities as at 30 June 2015. However, in fact, the maturity profiles shall be changed due to items which shall be settled early, extended or rolled over.

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

42.3 Liquidity risk (continued)

	Overdue		Current					Total VND million
	Above 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Above 5 years VND million	
Assets								
Cash, gold and precious stones	-	-	6,090,318	-	-	-	-	6,090,318
Balances with the Central Banks	-	-	6,129,828	-	-	-	-	6,129,828
Due from and loans to other credit institutions - gross	552	-	4,869,316	-	-	-	-	4,869,868
Trading securities - gross	-	-	4,949,357	5,798,288	1,500,000	-	-	12,247,645
Derivatives and other financial assets	-	-	20,368	-	-	-	-	20,368
Loans, advances and finance leases to customer - gross	1,697,626	311,960	6,046,169	13,015,708	41,987,327	57,428,073	20,220,370	140,707,233
Investment securities - gross	-	-	20,384,957	101,380	-	7,236,459	536	27,723,332
Long-term investments - gross	-	-	-	-	-	-	400,123	400,123
Fixed assets	-	-	3	416	25,282	468,310	5,513,526	6,007,537
Other assets - gross	287,974	5,664	315,268	285,644	5,812,003	2,752,861	30,613	9,490,027
Total assets	1,986,152	317,624	48,805,584	19,201,436	49,324,612	67,885,703	26,165,168	213,686,279
Liabilities								
Due to and borrowings from other credit institutions	-	-	3,747,508	896,301	924,388	545,660	5,752	6,119,609
Customer deposits	-	-	90,979,171	30,799,110	48,085,473	10,041,844	35,418	179,941,016
Grants, entrusted funds and loans exposed to risks	-	-	4,285	66,904	428,151	418,542	1,084,740	2,002,622
Valuable papers issued	-	-	600	-	-	-	-	600
Other liabilities	-	-	3,070,703	438,212	223,996	21,731	-	3,754,642
Total liabilities	-	-	97,802,267	32,200,527	49,662,008	11,027,777	1,125,910	191,818,489
Net liquidity gap	1,986,152	317,624	(48,996,683)	(12,999,091)	(337,396)	56,857,926	25,039,258	21,867,790

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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43. CAPITAL AND OPERATING LEASE COMMITMENTS

43.1 Capital commitments

	<u>30 June 2015</u> VND million	<u>31 December 2014</u> VND million
Capital commitments on office building constructions and equipment acquisition	87,622	129,890

43.2 Operating lease commitments

	<u>30 June 2015</u> VND million	<u>31 December 2014</u> VND million
Operating lease commitments	9,870,383	10,197,421
<i>In which:</i>		
- Due within one year	450,805	441,819
- Due from one to five years	1,577,326	1,613,056
- Due after five years	7,842,252	8,142,546

43.3 Assets held under custody

	<u>30 June 2015</u> VND million	<u>31 December 2014</u> VND million
Gold held under custody	2,095,683	2,662,354

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

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC ("Circular 210") providing guidance for the adoption of the International Financial Reporting Standards on presentation and disclosures of financial instruments effective from 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 according to Circular 210. Assets, liabilities and equity of the Bank and its subsidiaries have been recognised and accounted for in accordance with the Vietnamese Accounting Standards, Accounting System for Credit Institutions, the regulations stipulated by the State Bank of Vietnam and other relevant statutory requirements.

Financial assets

Financial assets of the Bank and its subsidiaries within the scope of Circular No. 210/2009/TT-BTC comprise cash, gold, precious stones; balances with the Central Banks; due from and loans to other credit institutions; loans, advances and finance leases to customers; trading and investment securities; receivables and other assets under monetary derivative contracts.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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44. SUPPLEMENTAL NOTES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES ACCORDING TO CIRCULAR NO. 210/2009/TT-BTC (continued)

Financial assets (continued)

According to Circular No. 210/2009/TT-BTC, financial assets are classified appropriately, for the purpose of disclosure in the interim consolidated financial statements, into one of the following categories:

► *Financial assets at fair value through profit or loss:*

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

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

► *Held-to-maturity investments:*

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

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

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

► *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.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
as at and for the six-month period ended 30 June 2015

44. 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 under Circular No. 210/2009/TT-BTC consist of borrowings from the Government and the Central Banks, due to and borrowings from other credit institutions, customer deposits, grants, entrusted funds and loans exposed to risks, valuable papers issued, payables and other liabilities under monetary derivative contracts.

According to Circular No. 210/2009/TT-BTC, financial liabilities are classified appropriately, for the purpose of disclosure in the interim consolidated financial statements, into one of the following categories:

- ▶ *Financial liabilities 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 an 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 amortised 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 interim 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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44. SUPPLEMENTAL NOTES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES ACCORDING TO CIRCULAR NO. 210/2009/TT-BTC (continued)

44.1 Carrying value and fair value of financial assets and liabilities

Carrying value and fair value of the Bank and its subsidiaries' financial instruments as at 30 June 2015 are presented as below:

	Carrying value					Total VND million	Fair value VND million
	Held for trading VND million	Held to maturity VND million	Loans and receivables VND million	Available for sale VND million	Other assets and liabilities at amortised cost VND million		
Cash, gold and precious stones	-	-	-	-	6,090,318	6,090,318	6,090,318
Balances with the Central Banks	-	-	-	-	6,129,828	6,129,828	6,129,828
Due from and loans to other credit institutions	-	-	404,503	-	4,465,365	4,869,868	4,869,868
Trading securities	12,194,817	-	-	-	-	12,194,817	(*)
Derivative and other financial assets	20,368	-	-	-	-	20,368	(*)
Loans, advances and finance leases to customers	-	-	139,120,781	-	-	139,120,781	(*)
Available-for-sale investment securities	-	-	-	20,465,439	-	20,465,439	(*)
Held-to-maturity investment securities	-	6,478,959	-	-	-	6,478,959	(*)
Long-term investments	-	-	-	277,846	-	277,846	(*)
Other financial assets	-	-	-	-	6,082,008	6,082,008	(*)
Total	12,215,185	6,478,959	139,525,284	20,743,285	22,767,519	201,730,232	
Due to and borrowings from other credit institutions	-	-	-	-	6,119,609	6,119,609	6,119,609
Customer deposits	-	-	-	-	179,941,016	179,941,016	(*)
Grants, entrusted funds and loans exposed to risks	-	-	-	-	2,002,622	2,002,622	(*)
Valuable papers issued	-	-	-	-	600	600	(*)
Other financial liabilities	-	-	-	-	3,077,240	3,077,240	(*)
Total	-	-	-	-	191,141,087	191,141,087	

(*) The fair value of those financial assets and liabilities cannot be determined because there is no specific guidance from Vietnamese Accounting Standards, Accounting System for Credit Institutions, regulations stipulated by the State Bank of Vietnam on calculating the fair value of financial instruments.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
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45. HEDGING

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

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

46. SUBSEQUENT EVENTS AFTER THE INTERIM CONSOLIDATED BALANCE SHEET DATE

At the Extraordinary General Meeting held on 11 July 2015, the shareholders of the Bank have approved the execution of merging Southern Commercial Joint Stock Bank into Saigon Thuong Tin Commercial Joint Stock Bank and the related documents. The shareholders have also agreed to supplement the business services of Saigon Thuong Tin Commercial Joint Stock Bank after the merger.

On 3 August 2015, upon the approval of the Bank of Laos and the State Bank of Vietnam, Saigon Thuong Tin Commercial Joint Stock Bank has officially transformed its Laos Branch into its wholly owned foreign bank in Laos called Saigon Thuong Tin Bank Laos Ltd

In addition, on 12 August 2015, the State Bank of Vietnam issued an approval in principle of merging Southern Commercial Joint Stock Bank into Saigon Thuong Tin Commercial Joint Stock Bank. The Bank is in progress of completing required procedures for an official approval of the merger by the Governor of the State Bank of Vietnam.

Except for the events mentioned above, there have been no other significant events occurring after the reporting date which would require adjustments or disclosures to be made in the interim consolidated financial statements.

Saigon Thuong Tin Commercial Joint Stock Bank

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47. OTHER IMPORTANT NOTES

The interim consolidated financial statements of the Bank and its subsidiaries are not impacted by seasonal or cyclic factors, except for the following items:

▶ Bonus for employees

The Bank has temporarily accrued bonus for employees in the interim consolidated financial statements based on the financial plan of 2015. This bonus accrued expense may vary according to the actual pre-tax profit of the Bank for the fiscal year ending 31 December 2015

▶ Corporate income tax

According to current regulations on tax, corporate income tax is calculated and finalised at the end of the fiscal year. Interim corporate income tax is calculated by applying tax rate of 22% to the interim profit before tax.

▶ Foreign exchange difference

As presented in Note 4.19, the unrealised foreign exchange differences are recognised in foreign currency translation reserve in the consolidated balance sheet at the end of each month and transferred into the consolidated income statement at the end of financial year.

▶ Statutory reserve

The Bank and its subsidiaries are required to make supplementary capital reserve and financial reserve annually. The Bank and its subsidiaries only appropriate for these statutory reserves at the end of the financial year.

▶ Provision for credit losses

The balance of provision for credit losses presented in interim consolidated balance sheet as at 30 June 2015 is made based on the result of loan classification at the end of Quarter 1 of 2015 complying with Circular No. 02/2013/TT-NHNN and Circular 09/2014/TT-NHNN. The balance of provision for credit losses at the end of Quarter 2 of 2015 will be recorded in the consolidated financial statements of Quarter 3 of 2015 of the Bank and its subsidiaries.

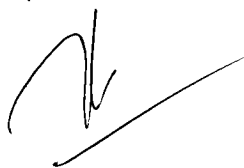
Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) B05a/TCTD-HN
as at and for the six-month period ended 30 June 2015

48. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE END OF THE PERIOD

	30 June 2015 VND	31 December 2014 VND
SJC gold	3,435,000	3,515,000
SBJ gold	3,435,000	3,510,000
USD	21,673	21,246
EUR	24,381	26,026
GBP	34,105	33,351
CHF	23,326	21,496
JPY	177.56	178.15
SGD	16,141	16,115
CAD	17,541	18,390
AUD	16,745	17,558
LAK	2.696	2.643
THB	618	621
NZD	14,522	16,581

Prepared by:



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Chief Accountant

Approved by:



Mr. Phan Huy Khang
General Director

Ho Chi Minh City, Vietnam

28 August 2015