

Saigon Thuong Tin Commercial Joint Stock Bank

Interim separate 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 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 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 separate financial statements are:

<i>Name</i>	<i>Date of joining the Board of Management</i>	<i>Current position</i>	<i>Date of appointment</i>
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	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 separate 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 separate 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 separate 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 SEPARATE 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 THE DIRECTORS

The Board of Directors of Saigon Thuong Tin Commercial Joint Stock Bank ("the Bank") is pleased to present its report and the interim separate 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 SEPARATE FINANCIAL STATEMENTS

The Board of Directors of the Bank is responsible for the interim separate financial statements, which give a true and fair view of the interim separate financial position of the Bank and of the interim separate results of its operations and its interim separate cash flows for the period. In preparing those interim separate financial statements, the Board of Directors of the Bank is required to:

- ▶ select suitable accounting policies and then 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 separate financial statements; and
- ▶ prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank 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 separate financial position of the Bank and to ensure 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 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 separate 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 separate financial statements give a true and fair view of the interim separate financial position of the Bank as at 30 June 2015, and of the interim separate results of its operations and its interim separate 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



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28th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
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Reference: 60857352/17860423-SX

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

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

We have reviewed the interim separate financial statements of Saigon Thuong Tin Commercial Joint Stock Bank ("the Bank") as prepared on 28 August 2015 and set out on pages 7 to 85 which comprise the interim separate balance sheet as at 30 June 2015, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended and the notes thereto.

The preparation and presentation of these interim separate financial statements are the responsibility of the Board of Directors of the Bank. Our responsibility is to issue a report on these interim separate 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 separate financial statements are free from material misstatement. A review is limited primarily to inquiries of the Bank's 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 separate financial statements do not give a true and fair view, in all material respects, of the interim separate financial position of the Bank as at 30 June 2015, and of the interim separate results of its operations and its interim separate 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.

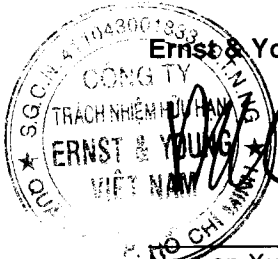
As presented in Note 45 - Subsequent events after the interim balance sheet date, at the Extraordinary General Meeting held on 11 July 2015, the shareholders of the Bank have approved the execution of merging Southern Commercial Joint Stock Bank into Saigon Thuong Tin Commercial Joint Stock Bank and 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.

As presented in Note 10 - Loans and advances 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.



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As presented in Note 3.2 of the interim separate financial statements, the Bank prepared its interim consolidated financial statements for the six-month period ended 30 June 2015 in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions, regulations stipulated by the State Bank of Vietnam and other relevant statutory requirements. We have reviewed those interim consolidated financial statements and our review report dated 28 August 2015 expressed an unmodified conclusion. Our review conclusion on the interim separate financial statements is not modified in respect of this matter.



Ernst & Young Vietnam Limited

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

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

Ho Chi Minh City, Vietnam

28 August 2015

Saigon Thuong Tin Commercial Joint Stock Bank

INTERIM SEPARATE BALANCE SHEET
as at 30 June 2015

B02a/TCTD

	Notes	30 June 2015 VND million	31 December 2014 VND million
ASSETS			
Cash, gold and precious stones	5	5,962,940	4,682,765
Balances with the Central Banks	6	5,584,542	4,040,518
Due from and loans to other credit institutions	7	6,457,092	4,958,262
Due from other credit institutions	7.1	5,338,483	3,593,344
Loans to other credit institutions	7.2	1,118,609	1,364,918
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 and advances to customers		135,511,772	123,269,459
Loans and advances to customers	10	137,026,783	124,575,857
Provision for credit losses	11.2	(1,515,011)	(1,306,398)
Investment securities	12	26,943,862	25,924,909
Available-for-sale investment securities	12.1	20,486,337	20,250,274
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	2,044,492	2,031,159
Investments in subsidiaries	13.1	1,848,294	1,848,294
Other long-term investments	13.2	400,123	400,749
Provision for long-term investments	13.3	(203,925)	(217,884)
Fixed assets		5,729,834	4,883,145
<i>Tangible fixed assets</i>	14.1	2,893,048	2,620,758
Cost		3,912,619	3,537,488
Accumulated depreciation		(1,019,571)	(916,730)
<i>Intangible fixed assets</i>	14.2	2,836,786	2,262,387
Cost		3,357,770	2,737,101
Accumulated amortization		(520,984)	(474,714)
Other assets		8,928,427	11,191,865
Receivables	15.1	3,370,996	4,737,887
Interest and fees receivables		4,692,705	5,101,444
Deferred tax assets		60,607	60,607
Other assets	15.2	1,172,316	1,725,509
Provision for other assets	15.3	(368,197)	(433,582)
TOTAL ASSETS		209,378,146	188,677,574

Saigon Thuong Tin Commercial Joint Stock Bank

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

B02a/TCTD

	Notes	30 June 2015 VND million	31 December 2014 VND million
LIABILITIES			
Due to and borrowings from other credit institutions		5,989,341	4,489,411
Due to other credit institutions	16.1	3,215,707	1,938,567
Borrowings from other credit institutions	16.2	2,773,634	2,550,844
Customer deposits	17	179,346,765	162,533,382
Grants, entrusted funds and loans exposed to risks	18	1,814,789	875,025
Valuable papers issued	19	600	600
Other liabilities		3,540,771	2,974,777
Interest and fees payables		2,072,716	1,904,428
Other payables	20	1,468,055	1,070,349
Provision for contingent liabilities		-	-
TOTAL LIABILITIES		190,692,266	170,873,195
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		2,133,931	1,803,588
Foreign currency translation reserve		79,583	79,046
Retained earnings		3,881,487	3,330,866
TOTAL OWNERS' EQUITY	22.1	18,685,880	17,804,379
TOTAL LIABILITIES AND OWNERS' EQUITY		209,378,146	188,677,574

Saigon Thuong Tin Commercial Joint Stock Bank

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

B02a/TCTD

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		7,389,925	7,954,903
Other guarantees		4,173,293	3,242,532
Other commitments		11,215	11,103
	35	53,436,708	49,973,791

Prepared by:



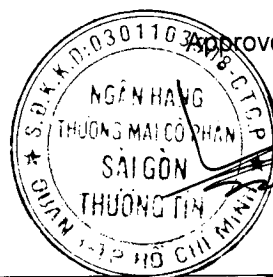
Ms. Le Thi Huyen
Accountant

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

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

B03a/TCTD

	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	23	7,662,443	7,715,641
Interest and similar expenses	24	(3,998,880)	(4,375,185)
Net interest and similar income		3,663,563	3,340,456
Fees and commission income		660,298	558,920
Fees and commission expenses		(205,084)	(165,562)
Net fees and commission income	25	455,214	393,358
Net gain from foreign currencies and gold trading	26	118,009	127,378
Net (loss)/gain from dealing of trading securities	27	(3,741)	15,345
Net gain/(loss) from dealing of investment securities	28	3,601	(113,550)
Other income		60,135	127,843
Other expenses		(29,492)	(9,811)
Net other income	29	30,643	118,032
Net income from long-term investments	30	72,143	12,807
TOTAL OPERATING INCOME		4,339,432	3,893,826
Personnel expenses		(1,248,542)	(1,157,599)
Depreciation and amortization charges		(148,023)	(134,155)
Other operating expenses		(779,969)	(762,637)
TOTAL OPERATING EXPENSES	31	(2,176,534)	(2,054,391)
Net operating profit before credit loss expenses		2,162,898	1,839,435
Credit loss expenses	11	(691,096)	(308,009)
PROFIT BEFORE TAX		1,471,802	1,531,426
Current corporate income tax expense	21	(318,021)	(330,164)
Deferred corporate income tax expense		-	-
Total corporate income tax expenses		(318,021)	(330,164)
NET PROFIT FOR THE PERIOD		1,153,781	1,201,262

Prepared by:



Ms. Le Thi Huyen
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

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

B04a/TCTD

	Notes	<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>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		8,225,664	7,159,666
Interest and similar payments		(3,829,760)	(4,431,003)
Net fees and commission receipts		455,214	393,358
Net receipts from dealing of securities, gold and foreign currencies		122,398	81,343
Other operating income		24,794	30,048
Recovery from bad debts written-off previously	29	13,858	2,683
Payments to employees and other operating expenses		(2,119,456)	(1,744,807)
Corporate income tax paid during the period	21	(202,028)	(102,556)
Net operating cash flows before changes in operating assets and liabilities		2,690,684	1,388,732
Changes in operating assets		(12,728,786)	(13,807,937)
Decrease in due from and loans to other credit institutions		246,309	404,550
Increase in trading securities		(174,217)	(3,871,752)
(Increase)/decrease in derivatives and other financial assets		(8,217)	43,996
Increase in loans and advances to customers		(13,956,868)	(10,471,581)
Decrease in provisions for writing-off of bad debts		(9,217)	(43,467)
Decrease in other assets		1,173,424	130,317
Changes in operating liabilities		19,275,119	16,770,327
Increase in due to and borrowings from other credit institutions		1,499,930	744,105
Increase in customer deposits		16,813,383	16,428,484
Decrease in valuable papers issued		-	(500,547)
Increase in grants, entrusted funds and loans exposed to risks		939,764	102,762
Increase in derivatives and other financial liabilities		-	4,716
Increase in other liabilities		22,104	192,083
Reserves utilised during the period	22.1	(62)	(201,276)
Net cash flows provided from operating activities		9,237,017	4,351,122

Saigon Thuong Tin Commercial Joint Stock Bank

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

B04a/TCTD

	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		(221,285)	(248,353)
Proceeds from disposal of fixed assets	29	9,715	5,723
Proceeds from sales of investments, capital contribution in other entities		626	-
Dividend receipts and profits shared from long-term investments	30	58,184	31,042
Net cash flows used in investing activities		(152,760)	(211,588)
CASH FLOW FROM FINANCING ACTIVITY			
Dividends paid	22.3	(239)	(34,235)
Cash flow used in financing activity		(239)	(34,235)
Net increase in cash and cash equivalents during the period		9,084,018	4,105,299
Cash and cash equivalents at the beginning of the period		19,882,602	14,905,725
Foreign exchange difference		537	(21,049)
Cash and cash equivalents at the end of the period	32	28,967,157	18,989,975

Prepared by:



Ms. Le Thi Huyen
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 SEPARATE FINANCIAL STATEMENTS
as at and for the six-month period ended 30 June 2015

B05a/TCTD

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 is established and operates in accordance with Banking License No. 0006/NH-GP issued by the State Bank of Vietnam ("SBV") 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 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 in 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 Jewellery 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 SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2015

B05a/TCTD

1. CORPORATE INFORMATION (continued)

Subsidiaries (continued)

In addition, Saccombank Jewellery 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 as at 30 June 2015 were 12,441 persons (31 December 2014: 11,753 persons).

2. FISCAL YEAR AND ACCOUNTING CURRENCY

2.1 *Fiscal year*

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

The Bank also prepares the interim separate 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. 52/2012/TT-BTC issued by the Ministry of Finance on 5 April 2012.

2.2 *Accounting currency*

The Bank maintains its accounting records in Vietnam Dong ("VND"). However, due to the Bank's large scale of operations, for the purpose of preparing these interim separate 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 separate financial position of the Bank and the interim separate results of its operations and its interim separate cash flows.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2015

B05a/TCTD

3. ACCOUNTING STANDARDS AND SYSTEM

3.1 *Statement of compliance*

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

3.2 *Accounting standards and system*

The interim separate financial statements of the Bank 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, 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 has options to present its interim separate financial statements as a complete set of annual separate 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 has elected to present its interim separate financial statements for the six-month period ended 30 June 2015 as a complete set of annual separate financial statements. The accompanying interim separate financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying interim separate balance sheet, interim separate income statement, interim separate cash flow statement and notes to the interim separate financial statements and their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the interim separate financial position, the interim separate results of operation and the interim separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

The Bank has subsidiaries listed in *Note 1* and has prepared its interim separate financial statements to comply with 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. 52/2012/TT-BTC issued by the Ministry of Finance on 5 April 2012. According to these regulations, the Bank has also prepared the interim consolidated financial statements of the Bank and its subsidiaries as at 30 June 2015 and for the six-month period ended. These interim consolidated financial statements are issued independently with the interim separate financial statement of the Bank.

3. ACCOUNTING STANDARDS AND SYSTEM (continued)

3.2 *Accounting standards and system* (continued)

The users should read these interim separate financial statements together with the interim consolidated financial statements of the Bank and its subsidiaries as at 30 June 2015 and for the six-month period then ended in order to obtain full information on the interim consolidated financial position of the Bank and its subsidiaries, the interim consolidated results of their operations and their interim consolidated cash flows.

3.3 *Use of estimates*

The preparation of the interim separate 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.

3.4 *Changes in accounting policies and disclosures*

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

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 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 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 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/QĐ-NHNN issued on 18 April 2007 regarding the financial reporting mechanism for credit institutions and Decision No. 479/2004/QĐ-NHNN issued on 29 April 2004 regarding the accounting system for Credit Institutions. Circular 49 is effective from 15 February 2015.

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

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

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

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.
 - Amending and supplementing some articles of Decision No. 479/2004/QD-NHNN dated 29 April 2004 issued by 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 the 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 applies applicable changes in accordance with Circular 200 on a prospective basis since Circular 200 does not require applying the retrospective application.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Loans and advances to customers*

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

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

4.2 Provision for credit losses

The Bank classifies loans and advances 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 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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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Provision for credit losses (continued)

<i>Loan group</i>	<i>Classification criteria</i>
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 SEPARATE FINANCIAL STATEMENTS (continued)
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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, if there is one debt 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 must perform a self-implement 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 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 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 separate balance sheet as at 30 June 2015 is made based on the result of loan classification at the end of the Quarter I 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 II of 2015 will be recorded in the separate financial statements of Quarter III of 2015 of the Bank.

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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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 a 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 is required to fully create and maintain a general provision at 0.75% of total loans and advances 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 separate 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 establishes 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 uses annual specific provisions for special bonds to write off bad debts and recognize the difference between provision for credit losses and the remaining outstanding loan balance/bond in "Other income" of the interim separate 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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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 *Trading securities*

Trading securities are debt, equity and other securities acquired by the Bank 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 separate income statement on a cash basis.

These securities are subject to review for diminution in value at the interim separate 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 separate 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. 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 separate income statement. These special bonds are not required to make general provision.

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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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 for the purpose of earning interest and which the Bank has the intention and ability to hold to maturity. Held-to-maturity investments have fixed or determinable payments and maturity date. In case these securities are sold before maturity, they will be reclassified into trading securities or available-for-sale securities.

These securities 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 separate 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 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 separate 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*.

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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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 for the purpose of investment and available-for-sale, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank is neither the founder shareholder nor strategic partner and does not have the ability to place certain influence in establishing and making the financial and operating policies of the investees through a written agreement on assignment of 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 separate 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 separate financial statements. The corresponding cash received is recognised in the interim separate balance sheet as a liability. 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 separate 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 separate financial statements. The corresponding cash paid is recognised in the interim separate 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 separate income statement over the term of the agreement.

4.7 *Long-term investments*

4.7.1 *Investments in subsidiaries*

Investments in subsidiaries represent investments in companies falling in any of the following cases:

- ▶ The credit institution or the credit institution and its related persons owns/own over 50% of the charter capital or voting rights of the company;
- ▶ The credit institution has the right to directly or indirectly appoint a majority or all of members of the Board of Management or Members' Council or the General Director (Director) of the company;
- ▶ The credit institution may modify or supplement the charter of the company;
- ▶ The credit institution and its related persons directly or indirectly controls/control the adoption of resolutions and decisions of the Shareholders' General Meeting, Board of Management or Members' Council of the company.

Investments in subsidiaries are carried at cost less provision for impairment of investments.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Long-term investments* (continued)

4.7.2 *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 holds less than 11% of owner equity (less than 11% of voting rights),... 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.

4.7.3 *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 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 amortization.

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 separate income statement as incurred.

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

4.9 *Lease*

An agreement is determined as a lease agreement based on nature of the agreement at the inception of the lease, whether a lease agreement depends on utilization of specific asset and includes a provision of the right to use an asset.

Lease is classified as finance lease if according to the agreement, the lessor transfers substantially all the risks and rewards incidental to ownership of the leased item. Other leasing agreement is classified as operating lease.

Operating lease payments are recognised into the interim separate income statement on a straight-line basis over the lease term.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Depreciation and amortization

Depreciation and amortization 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.

4.11 Receivables

4.11.1 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 as presented in *Note 4.2*.

4.11.2 Other receivables

Receivables other than receivables with credit risks of the Bank 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 makes 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%

4.12 Prepaid expenses

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

4.13 Due to and borrowing from other credit institutions and customers

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

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

4.14 *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.

4.15 *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.

4.16 *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.

4.17 *Recognition of income and expenses*

Interest income and expenses are recognised in the interim separate income statement on an accrual basis. The recognition of accrued interest income is suspended when a loan is classified in groups 2 to 5 in accordance with 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 separate 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 separate income statement when the Bank's 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 are updated.

4.18 *Foreign currency transactions*

The Bank maintains its accounting system and records 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 separate balance sheet date (see list of exchange rates of applicable foreign currencies against VND as at 30 June 2015 in Note 47). 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 separate balance sheet and transferred into the separate income statement at the end of financial year.

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

4.19 Corporate income tax

4.19.1 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 separate balance sheet date.

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

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

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

4.19.2 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 separate 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.

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

4.19 Corporate income tax (continued)

4.19.2 Deferred corporate income tax (continued)

The carrying amount of deferred corporate income tax assets is reviewed at each annual separate 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 separate 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 realised or the liability is settled based on tax rates and tax laws that have been enacted at the separate balance sheet date.

Deferred corporate income tax is charged or credited to the separate 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.

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

4.20 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 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.

4.21 Fiduciary assets

Fiduciary activities without risks

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

Fiduciary activities at risks

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

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

4.22 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.

4.23 Derivatives

Foreign currency forward and swap contracts

For forward and swap contracts, the difference between VND equivalent of a foreign currency which the Bank is 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 revaluated at the Bank's spot exchange rate as at that date. Gain/(loss) arising from revaluation is recognised in the interim separate balance sheet and transferred into the separate income statement at the end of financial year.

Foreign currency option contracts

Foreign currency option 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 the foreign currency is recognised into the Bank's interim separate income statement.

Commodity future contracts

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

4.24 Offsetting

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

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

4.25 Employee benefits

4.25.1 Post-employment benefits

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

4.25.2 Voluntary resignation

The Bank has 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.

4.25.3 Unemployment insurance

According to Circular No. 32/2010/TT-BLĐTBXH guiding the detailed implementation of Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Bank is obliged to pay unemployment insurance at 1% of its salary fund used to pay for unemployment insurance and deduct 1% of salary of each employee to pay simultaneously to the Unemployment Insurance Fund.

4.26 Nil balance

Items or balances in accordance with the financial reporting mechanism for credit institutions required under Decision No. 16/2007/QĐ-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 separate 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	3,970,616	2,987,464
Cash on hand in foreign currencies	1,714,485	1,306,940
Gold	277,663	388,249
Valuable papers in foreign currencies	176	112
	5,962,940	4,682,765

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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6. BALANCES WITH THE CENTRAL BANKS

	<u>30 June 2015</u> VND million	<u>31 December 2014</u> VND million
Balances with the State Bank of Vietnam ("SBV")		
- In VND	4,525,084	3,146,938
- In foreign currencies	722,499	586,586
Balances with Bank of the Laos ("BOL")	336,959	306,994
	<u>5,584,542</u>	<u>4,040,518</u>

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 BOL is 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 BOL.

7. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS

	<u>30 June 2015</u> VND million	<u>31 December 2014</u> VND million
Due from other credit institutions	5,338,483	3,593,344
Loans to other credit institutions	1,118,609	1,364,918
	<u>6,457,092</u>	<u>4,958,262</u>

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

7.1 Due from other credit institutions

	30 June 2015 VND million	31 December 2014 VND million
Demand deposits		
In VND	39,089	51,433
In foreign currencies	2,249,394	2,051,360
Term deposits		
In VND	3,050,000	1,430,000
In foreign currencies	-	60,551
Provision for due from other credit institutions	-	-
	5,338,483	3,593,344

7.2 Loans to other credit institutions

	30 June 2015 VND million	31 December 2014 VND million
In VND	1,039,503	1,265,380
In foreign currencies	79,106	99,538
	1,118,609	1,364,918
Provision for loans to other credit institutions	-	-
	1,118,609	1,364,918

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

	30 June 2015 VND million	31 December 2014 VND million
Current	4,168,057	2,854,917
Loss	552	552
	4,168,609	2,855,469

8. TRADING SECURITIES

	30 June 2015 VND million	31 December 2014 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)
	12,194,817	7,683,341

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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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 27)	3,741	(15,563)
Ending balance	<u>52,828</u>	<u>210,307</u>

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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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 derivative as at 30 June 2015			
Forward	1,150,347	-	7,172
Swap	14,605,867	27,540	-
Total	15,756,214	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 derivative as at 31 December 2014			
Forward	1,149,213	-	13,730
Swap	15,357,033	25,881	-
Total	16,506,246	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 AND ADVANCES 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	1,419,412	1,469,880
Loans financed by entrusted funds	1,438,023	1,073,481
Others	477	-
	137,026,783	124,575,857

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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10. LOANS AND ADVANCES TO CUSTOMERS (continued)

10.1 Analysis of loans by quality

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

	<i>30 June 2015</i> <i>VND million</i>	<i>31 December 2014</i> <i>VND million</i>
Current	135,081,949	122,596,836
Special mention	301,490	491,322
Substandard	76,653	94,946
Doubtful	277,347	412,249
Loss	1,289,344	980,504
	<u>137,026,783</u>	<u>124,575,857</u>

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	133,272,842	122,596,836
Special mention	1,590,259	491,322
Substandard	349,381	94,946
Doubtful	316,369	412,249
Loss	1,497,932	980,504
	<u>137,026,783</u>	<u>124,575,857</u>

Included in the balance 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.

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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10. LOANS AND ADVANCES TO CUSTOMERS (continued)

10.2 Analysis of loans by original term

	30 June 2015	31 December 2014
	VND million	VND million
Short-term loans	56,923,177	52,551,747
Medium-term loans	54,734,450	50,221,342
Long-term loans	25,369,156	21,802,768
	137,026,783	124,575,857

10.3 Analysis of loans by type of customers and ownership

	30 June 2015		31 December 2014	
	VND million	%	VND million	%
Loans to corporations				
Private limited companies	36,448,591	26.61	33,648,166	26.99
Joint-stock companies	28,829,223	21.04	27,320,530	21.93
Private companies	4,322,886	3.15	3,880,602	3.12
State-owned joint-stock companies	1,158,243	0.85	1,379,677	1.11
State-owned limited companies	996,755	0.73	929,037	0.75
Foreign invested enterprises	685,020	0.50	481,254	0.39
State-owned enterprises	332,953	0.24	319,314	0.26
Co-operatives	197,935	0.14	163,046	0.13
Others	184,981	0.13	272,239	0.22
	73,156,587	53.39	68,393,865	54.90
Loans to individuals	63,870,196	46.61	56,181,992	45.10
	137,026,783	100.00	124,575,857	100.00

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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10. LOANS AND ADVANCES TO CUSTOMERS (continued)

10.4 Analysis of loans by sector

	30 June 2015		31 December 2014	
	VND million	%	VND million	%
Asset trading activities and consultancy services	34,200,228	24.96	30,209,381	24.25
Manufacturing and processing	18,912,628	13.80	17,876,604	14.35
Construction	17,940,056	13.09	15,449,992	12.40
Trading, repair of motor vehicles, motorcycles, personal appliances and household appliances	16,723,823	12.20	16,283,990	13.07
Agriculture, forestry and aquaculture	13,757,186	10.04	12,082,208	9.70
International organisations or parties	11,661,046	8.51	10,178,287	8.17
Households' services and self-consuming productions	7,802,853	5.69	6,997,022	5.62
Education and training	4,738,350	3.46	4,620,480	3.71
Transportation, warehousing and communication	3,914,349	2.86	3,342,748	2.68
Electricity, gas and water supply/distribution	1,693,905	1.24	1,549,132	1.24
Health care and social relief activities	1,505,147	1.10	1,639,720	1.32
Financial services, banking and insurance	1,201,461	0.87	1,138,329	0.91
Hotel and accommodation services	1,100,119	0.80	1,189,960	0.96
Individuals and public activities	566,204	0.42	479,102	0.37
Mining exploration	370,599	0.27	423,243	0.34
Science and technology	79,228	0.06	96,657	0.08
Sport and cultural activities	50,222	0.04	49,594	0.04
Others	809,379	0.59	969,408	0.79
	137,026,783	100.00	124,575,857	100.00

10.5 Analysis of loans by currency

	30 June 2015		31 December 2014	
	VND million	%	VND million	%
In VND	127,235,736	92.85	115,281,452	92.54
In foreign currencies and gold	9,791,047	7.15	9,294,405	7.46
	137,026,783	100.00	124,575,857	100.00

Saigon Thuong Tin Commercial Joint Stock Bank

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

The Bank classifies its deposits and loans to other credit institutions, loans and advances 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 calculates and makes 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 separate 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 separate financial statements of Quarter 3 of 2015 of the Bank.

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

	<i>Notes</i>	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Provision for due from and loans to other credit institutions	11.1	-	-
Provision for loans and advances to customers	11.2	1,515,011	1,306,398
Provision for special bonds issued by VAMC	12.4	750,000	232,346
Provision for other assets	15.3	368,197	433,582
		2,633,208	1,972,326

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 and advances to customers	11.2	238,827	207,072
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		691,096	308,009

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

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	3,300,292	-	-	-
Loss	552	-	-	-
	3,300,844	-	-	-

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 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.

11.2 Provision for loans and advances to customers

The result of loan classification as at 31 March 2015 adjusted based on the result of loan classification supplied by CIC and corresponding provision for loans and advances to customers as required by Circular No. 02/2013/TT-NHNN, Circular No. 09/2014/TT-NHNN and the Bank's policy 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	126,455,507	-	989,559	989,559
Special mention	1,660,201	45,589	1,340	46,929
Substandard	233,310	21,055	1,026	22,081
Doubtful	722,394	80,639	4,928	85,567
Loss	1,324,673	382,314	-	382,314
	130,396,085	529,597	996,853	1,526,450

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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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 and advances 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	390,721	915,677	1,306,398
Provision charged in Quarter 1	139,329	81,176	220,505
Provision used to write off bad debts in Quarter 1	(510)	-	(510)
Foreign exchange differences	57	-	57
Balance as at 31 March 2015	529,597	996,853	1,526,450
Provision charged in Quarter 2	753	17,569	18,322
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	99	-	99
Ending balance	500,589	1,014,422	1,515,011

Changes in the provision for loans and advances 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	533,133	780,760	1,313,893
Provision charged in Quarter 1	134,410	44,434	178,844
Provision used to write off debts sold to VAMC in Quarter 1	(21,478)	-	(21,478)
Balance as at 31 March 2014	646,065	825,194	1,471,259
Provision charged in Quarter 2	1,033	27,195	28,228
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	30	3	33
Ending balance	565,006	852,392	1,417,398

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11. PROVISION FOR CREDIT LOSSES (continued)

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

12. INVESTMENT SECURITIES

	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Available-for-sale investment securities		
Debt securities		
- Government bonds (i)	20,208,585	19,721,794
- Bonds issued by other domestic credit institutions (ii)	176,372	427,100
Equity securities		
- Issued by domestic economic entities	101,380	101,380
	<u>20,486,337</u>	<u>20,250,274</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>26,943,862</u>	<u>25,924,909</u>

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12. INVESTMENT SECURITIES (continued)

- (i) Government bonds have terms from 2 to 5 years and bear interest at rates from 5.20% to 13.20% p.a. Interest is paid annually. 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 34.2).
- (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 34.2).
- (iii) Secured bonds issued by domestic economic entities have terms of 5 years, bear interest at rate of 9.46% 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 year 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	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 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	75,667	75,667
	20,486,337	20,250,274

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
	7,236,459	5,935,128

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

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

Classification	30 June 2015 VND million	31 December 2014 VND million
Current	1,000,000	1,000,000

12.4 Provision for investment securities

Changes in provision in the period are as follows:

	For the six-month period ended 30 June 2015 VND million	For the six-month period ended 30 June 2014 VND million
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	-
	260,493	169,286
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
	518,441	67,733
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
	778,934	237,019

13. LONG-TERM INVESTMENTS

	30 June 2015 VND million	31 December 2014 VND million
Investments in subsidiaries	1,848,294	1,848,294
Other long-term investments	400,123	400,749
Provision for long-term investments	(203,925)	(217,884)
	2,044,492	2,031,159

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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13. LONG-TERM INVESTMENTS (continued)

13.1 Investments in subsidiaries

	30 June 2015		31 December 2014	
	Cost VND million	Ownership %	Cost VND million	Ownership %
Sacombank Cambodia PLC	783,294	100	783,294	100
Sacombank Assets Management Co., Ltd.	500,000	100	500,000	100
Sacombank Leasing Co., Ltd.	300,000	100	300,000	100
Sacombank Jewellery Co., Ltd.	250,000	100	250,000	100
Sacombank Remittance Express Co., Ltd.	15,000	100	15,000	100
Total investments in subsidiaries	1,848,294		1,848,294	
Provision for impairment of investments in subsidiaries	(81,648)		(81,648)	
	1,766,646		1,766,646	

13.2 Other long-term investments

	30 June 2015 VND million	31 December 2014 VND million
Investments in other credit institutions		
Unlisted	1,634	1,634
Investments in economic entities		
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

13.3 Provision for long-term investments

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

	For the six-month period ended 30 June 2015 VND million	For the six-month period ended 30 June 2014 VND million
Beginning balance	217,884	199,717
Provision (reversed)/charged in the period (Note 30)	(13,959)	18,235
Ending balance	203,925	217,952

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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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>Other tangible fixed assets VND million</i>	<i>Total VND million</i>
Cost					
As at 31 December 2014	2,033,522	1,019,980	375,694	108,292	3,537,488
New purchases	1,724	11,326	4,524	9,196	26,770
Transferred from construction in progress and purchases of fixed assets (Note 15.1)	291,079	12,841	16,077	-	319,997
Increases from upgrading	-	1,781	-	-	1,781
Disposals	-	(1,287)	(18,054)	(321)	(19,662)
Transferred from foreclosed assets	46,245	-	-	-	46,245
As at 30 June 2015	<u>2,372,570</u>	<u>1,044,641</u>	<u>378,241</u>	<u>117,167</u>	<u>3,912,619</u>
Accumulated depreciation					
As at 31 December 2014	198,377	530,943	139,656	47,754	916,730
Depreciation charges	32,248	48,732	15,553	5,220	101,753
Charge to Science and Technology Development Fund	-	1,945	-	-	1,945
Disposals	-	(885)	(807)	(246)	(1,938)
Other increases/(decreases)	1,203	-	-	(122)	1,081
As at 30 June 2015	<u>231,828</u>	<u>580,735</u>	<u>154,402</u>	<u>52,606</u>	<u>1,019,571</u>
Net book value					
As at 31 December 2014	<u>1,835,145</u>	<u>489,037</u>	<u>236,038</u>	<u>60,538</u>	<u>2,620,758</u>
As at 30 June 2015	<u>2,140,742</u>	<u>463,906</u>	<u>223,839</u>	<u>64,561</u>	<u>2,893,048</u>

Cost of tangible fixed assets which have been fully depreciated but are still in use as at 30 June 2015 amounted to VND61,193 million (31 December 2014: VND55,727 million).

Included in the machines and equipment balance are the assets financed by Science and Technology Development Fund with historical cost of VND53,012 million. The accounting policy applied for these assets differs from other similar assets not financed by Science and Technology Development Fund. Accordingly, the depreciation of these assets is funded by Science and Technology Development Fund (Note 20.b).

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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14. FIXED ASSETS (continued)

14.2 Intangible fixed assets

	<i>Land use rights VND million</i>	<i>Computer software VND million</i>	<i>Total VND million</i>
Cost			
As at 31 December 2014	2,193,983	543,118	2,737,101
New purchases	-	7,265	7,265
Transferred from construction in progress and purchases of fixed assets (Note 15.1)	135,098	3,132	138,230
Increases from upgrading	-	5	5
Transferred from foreclosed assets	475,169	-	475,169
As at 30 June 2015	<u>2,804,250</u>	<u>553,520</u>	<u>3,357,770</u>
Accumulated amortization			
As at 31 December 2014	77,351	397,363	474,714
Amortization charges	10,057	36,213	46,270
As at 30 June 2015	<u>87,408</u>	<u>433,576</u>	<u>520,984</u>
Net book value			
As at 31 December 2014	<u>2,116,632</u>	<u>145,755</u>	<u>2,262,387</u>
As at 30 June 2015	<u>2,716,842</u>	<u>119,944</u>	<u>2,836,786</u>

Cost of intangible fixed assets which have been fully amortised but are still in use as at 30 June 2015 amounted to VND244,481 million (31 December 2014: VND168,788 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 depreciation of these assets is 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)	2,985,894	4,077,452
	<u>3,370,996</u>	<u>4,737,887</u>

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

15.1 Receivables (continued)

(a) This account presents constructions in progress of branches and transaction offices 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	443,668
Increases	185,464	233,086
Transferred to tangible fixed assets (Note 14.1)	(319,997)	(21,245)
Transferred to intangible fixed assets (Note 14.2)	(138,230)	(42,470)
Transferred to deferred expenses and other operating expenses	(308)	(472)
Other decreases	(2,262)	(1,590)
Ending balance	385,102	610,977

(b) Other receivables comprise of:

	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Internal receivables		
Advances for operations	149,048	729,391
Others	29,990	20,143
	<u>179,038</u>	<u>749,534</u>
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
Margin deposits for commodity future contracts	51,834	76,287
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 the State Budget relating to interest subsidy program	27,223	29,077
Receivables from land leases	-	202,645
Others	380,263	470,309
	<u>2,806,856</u>	<u>3,327,918</u>
	2,985,894	4,077,452

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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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 separate 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)	614,093	685,487
Other assets	25,436	15,990
	1,172,316	1,725,509

- (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 mainly 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)

15.3 Provision for other assets

Provision for other assets includes:

	30 June 2015 VND million	31 December 2014 VND million
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:

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

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	184,450	247,449
In foreign currencies	467,209	531,601
Term deposits		
In VND	1,338,000	3,000
In foreign currencies	1,226,048	1,156,517
	3,215,707	1,938,567

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
<i>In which: mortgage, pledge borrowings</i>	216,730	-
	2,773,634	2,550,844

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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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	25,359,336	22,309,217
Demand deposits in foreign currencies	2,093,694	1,677,377
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	13,022,402	12,634,348
Term deposits in foreign currencies	1,663,650	1,159,484
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	46,644	56,420
Margin deposits in foreign currencies	497,782	493,555
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 settlement services in VND	154,082	148,838
Margin deposits for other settlement services in foreign currencies	17,619	8,480
	179,346,765	162,533,382

17.2 Analysis by types of customers and ownership

	30 June 2015 VND million	31 December 2014 VND million
Deposits by economic entities		
Private enterprises and others	18,047,582	16,386,185
State-owned enterprises	6,657,501	6,715,562
Foreign invested enterprises	2,343,138	1,907,465
	27,048,221	25,009,212
Deposits by individuals	151,166,025	136,467,632
Deposits by others	1,132,519	1,056,538
	179,346,765	162,533,382

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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
ADB (iii)	146,301	192,287
SMEFP (iv)	141,190	131,805
IFC (v)	125,000	156,250
FMO (vi)	19,065	28,598
Rabobank Foundation (vii)	2,830	-
	1,814,789	875,025

- (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 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.
- (iv) 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 the interest at rate of 4.56% p.a.
- (v) 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.
- (vi) Grants, entrusted funds and loans from Financierings - Maatschappij Voor Ontwikkelingslanden ("FMO"), a bank in Netherland. 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.
- (vii) Grants, entrusted funds and loans from Rabobank Foundation, a financial organisation of Netherland, to sponsor for investments in greenhouse for vegetable production of customers appointed by Rabobank with the interest rate at 8% p.a and the term of 5 years.

19. VALUABLE PAPERS ISSUED

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

	30 June 2015 VND million	31 December 2014 VND million
Under 12 months	600	600

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20. OTHER LIABILITIES

	30 June 2015 VND million	31 December 2014 VND million
Internal payables		
Payables to employees	197,522	284,782
Bonus and welfare funds (a)	86,296	51,476
Termination allowance	1,226	4,911
Other payables	16,344	13,669
	<u>301,388</u>	<u>354,838</u>
External payables		
Payables relating to settlement	232,408	52,146
Payables relating to card activities	191,155	136,825
Tax payables to the State Budget (Note 21)	177,623	84,042
Deferred income	141,036	86,502
Deposit of buying foreclosed assets	71,900	50,000
Science and Technology Development Fund (b)	21,572	23,517
Remittance payables	30,343	13,017
Dividend payables (Note 22.3)	6,849	7,088
Other payables	293,781	262,374
	<u>1,166,667</u>	<u>715,511</u>
	<u>1,468,055</u>	<u>1,070,349</u>

(a) Movements of the bonus and welfare funds during the period are as follows:

	30 June 2015 VND million	31 December 2014 VND million
Beginning balance	51,476	-
Reclassification	-	62,041
Appropriation during the period	272,755	-
Utilization	(237,935)	(10,565)
Ending balance	<u>86,296</u>	<u>51,476</u>

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

	30 June 2015 VND million	31 December 2014 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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20. OTHER LIABILITIES (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
Used	-	-
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
Used	(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>	
Value added tax	17,125	80,682	(82,349)	15,458
Corporate income tax	29,221	318,021	(202,028)	145,214
Other taxes	37,696	119,674	(140,419)	16,951
	84,042	518,377	(424,796)	177,623

Corporate income tax ("CIT")

The Bank has the obligation to pay CIT at the rate of 22% of taxable profits in the current period (the previous period: 22%).

The Bank's 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 separate 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 separate income statement since it excludes taxable income or deductible expenses in prior years due to the differences between the Bank's accounting policies and the current 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 separate 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	1,471,802	1,531,426
<i>Deduct:</i>		
- Tax-exempt dividend income	(58,184)	(33,414)
Estimated taxable profit	1,413,618	1,498,012
CIT expense at current tax rate (22%)	310,996	329,562
Additional tax of previous years	6,893	-
Tax expenses on the transfer of land use right	132	602
Total estimated corporate income tax expenses in the period	318,021	330,164
CIT payables/(receivables) at the beginning of the period	29,221	(60,905)
CIT paid during the period	(202,028)	(102,556)
CIT payables at the end of the period	145,214	166,703

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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	Total
As at 31 December 2014	12,425,116	795	1,671,693	(1,506,878)	153	83,263	1,022,922	697,403	79,046	3,330,866	17,804,379
Net profit for the period	-	-	-	-	-	-	-	-	-	1,153,781	1,153,781
Additional appropriation for reserves for prior year	-	-	-	-	-	-	216,472	113,933	-	(330,405)	-
Appropriation for bonus and welfare fund (Note 20.a)	-	-	-	-	-	-	-	-	-	(272,755)	(272,755)
Foreign currency translation differences	-	-	-	-	-	-	-	-	537	-	537
Reserves used	-	-	-	-	-	-	(62)	-	-	-	(62)
As at 30 June 2015	12,425,116	795	1,671,693	(1,506,878)	153	83,263	1,239,332	811,336	79,583	3,881,487	18,685,880

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 VND million Share	31 December 2014 VND million 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:

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

The Bank only creates the above reverses from net profit after tax at the end of the fiscal year.

22.3 Dividends

	<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 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. 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	6,389,487	6,460,036
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	95,758	75,247
Income from guarantee services	75,188	53,215
Income from other credit activities	69,471	72,635
	<u>7,662,443</u>	<u>7,715,641</u>

24. 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	3,856,857	4,162,423
Interest expenses on borrowings	76,766	161,648
Interest expenses on valuable papers	5	491
Expenses from other credit activities	65,252	50,623
	<u>3,998,880</u>	<u>4,375,185</u>

25. 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	250,144	250,346
Income from treasury services	116,854	84,238
Other income	293,300	224,336
	<u>660,298</u>	<u>558,920</u>
Fees and commission expenses		
Expenses from settlement services	(89,738)	(70,236)
Expenses from postal and communication	(59,490)	(43,439)
Expenses from brokerage services	(26,126)	(24,461)
Other expenses	(29,730)	(27,426)
	<u>(205,084)</u>	<u>(165,562)</u>
Net fees and commission income	<u>455,214</u>	<u>393,358</u>

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26. 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	137,702	136,727
Income from gold trading	11,040	15,783
Income from derivatives	566,171	218,517
	<u>714,913</u>	<u>371,027</u>
Expenses from foreign currencies and gold trading		
Expenses from spot foreign exchange	(41,933)	(13,289)
Expenses from gold trading	(8,917)	(4,930)
Expenses from derivatives	(546,054)	(225,430)
	<u>(596,904)</u>	<u>(243,649)</u>
Net gain from foreign currencies and gold trading	<u>118,009</u>	<u>127,378</u>

27. 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 (Charge)/reversal of provision for trading securities (Note 8)	-	(218)
	<u>(3,741)</u>	<u>15,563</u>
Net (loss)/gain from dealing of trading securities	<u>(3,741)</u>	<u>15,345</u>

28. 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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29. 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	9,715	5,723
Income from reversal of accrued Head Office rental expense	-	84,245
Income from cash surplus from ATM	-	5,458
Other income	36,562	29,734
	<u>60,135</u>	<u>127,843</u>
Other expenses		
Expenses from disposal of fixed assets	(17,724)	(4,667)
Other expenses	(11,768)	(5,144)
	<u>(29,492)</u>	<u>(9,811)</u>
Net other income	<u>30,643</u>	<u>118,032</u>

30. 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	58,184	31,042
- From equity trading securities	1,110	17,357
- From long-term investments	5,449	10,277
- From equity investment securities	1,831	3,408
- From investments in subsidiaries	49,794	-
Reversal/(charge) of provision for long-term investments (Note 13.3)	13,959	(18,235)
	<u>72,143</u>	<u>12,807</u>

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31. 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>
Taxes expenses and fees	31,417	36,931
Personnel expenses	1,248,542	1,157,599
<i>In which:</i>		
<i>Salary and allowances</i>	1,129,078	1,072,299
<i>Salary related expenses</i>	96,216	84,658
<i>Other allowances</i>	23,248	642
Asset expenditures	507,242	470,591
<i>In which:</i>		
<i>Depreciation and amortization charges</i>	148,023	134,155
Other operating expenses	290,098	268,282
<i>In which:</i>		
<i>Business trip expenses</i>	12,625	11,420
Insurance expenses for customer deposits	99,235	120,988
	2,176,534	2,054,391

32. CASH AND CASH EQUIVALENTS

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

	<i>30 June 2015 VND million</i>	<i>30 June 2014 VND million</i>
Cash, gold and precious stones	5,962,940	5,459,829
Balances with the central banks	5,584,542	3,069,384
Demand deposits with other credit institutions	2,288,483	1,966,151
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
	28,967,157	18,989,975

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33. 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)	<u>11,938</u>	<u>11,098</u>
II. Employees' income (VND million)		
1. Total salary and advances	963,928	840,455
2. Bonuses	<u>480,287</u>	<u>188,021</u>
3. Total income (1+2)	<u>1,444,215</u>	<u>1,028,476</u>
4. Average salary per month (VND/person)	<u>13,457,419</u>	<u>12,621,719</u>
5. Average income per month (VND/person)	<u>20,162,716</u>	<u>15,445,366</u>

34. COLLATERAL ASSETS

34.1 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 the period:

	<i>Carrying value</i>	
	<i>30 June 2015 VND million</i>	<i>31 December 2014 VND million</i>
Real estates	193,029,910	175,553,920
Valuable papers	18,592,031	18,697,328
Transportation vehicles	10,687,009	8,259,611
Inventories	4,133,788	4,238,733
Machinery and equipment	2,853,933	2,824,737
Other assets	<u>13,938,570</u>	<u>9,983,348</u>
	<u>243,235,241</u>	<u>219,557,677</u>

34.2 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)	<u>161,326</u>	<u>151,466</u>
	<u>1,461,619</u>	<u>2,958,173</u>

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35. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, 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 represent a financing transaction by the Bank to its 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 as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfil the guarantor obligation.

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

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 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 at the end of the period are as follows:

	<i>30 June 2015</i>	<i>31 December 2014</i>
	<i>VND million</i>	<i>VND million</i>
Letters of credit	7,895,985	8,456,342
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>53,981,134</u>	<u>50,523,657</u>
Less: Margin deposits	(544,426)	(549,866)
Contingent liabilities and commitments	<u>53,436,708</u>	<u>49,973,791</u>

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35. 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 Bank's policy is as follows:

	30 June 2015 VND million	31 December 2014 VND million
Current	12,310,917	11,948,698
<i>In which:</i>		
- Letters of credit	7,895,985	8,456,342
- Guarantees for borrowings	192,058	190,294
- Other guarantees	4,211,659	3,290,959
- Other commitments	11,215	11,103

36. RELATED PARTY TRANSACTIONS

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

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

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36. 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>
Subsidiaries	Interest income from loans/deposits	15,544	14,514
	Interest expenses from borrowings/deposits	8,798	17,717
	Fees and commission income	3,989	4,123
	Fees and commission expenses	2,449	2,010
	Other income	7,800	303
	Dividend income	49,794	-
	Other expenses	30,012	39,697
Members of key management of the Bank	Interest income from loans	1,320	1,144
	Interest expenses from deposits	2,202	2,032
	Board of Management's after-tax remuneration	11,742	14,088
	Board of Directors' after-tax remuneration	25,405	25,582
Related parties to members of key management of the Bank	Interest income from deposits/loans	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 deposits/loans	-	94
	Other income	2,371	-
	Other expenses	18,213	-
Related parties to major shareholders	Interest income from loans	4,969	18,970
	Interest expenses from deposits	2,437	1,141

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36. RELATED PARTY TRANSACTIONS (continued)

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

<i>Related party</i>	<i>Transaction</i>	<i>30 June 2015</i> <i>VND million</i>	<i>31 December 2014</i> <i>VND million</i>
Subsidiaries	Due from and loans to subsidiaries which are credit institutions	914,521	825,527
	Loans	714,106	629,538
	Deposits	(1,070,011)	(1,210,715)
	Other receivables	126,624	221,072
	Other payables	(2,983)	(2,850)
Members of key management of the Bank	Loans	44,264	50,830
	Deposits	(102,709)	(117,023)
Related parties to members of key management of the Bank	Due from other credit institutions	600,000	-
	Loans	18,127	45,962
	Deposits	(74,517)	(63,596)
Related parties to major shareholders	Loans	90,000	131,701
	Deposits	(121,902)	(98,685)

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

	<i>Domestic</i> <i>VND million</i>	<i>Overseas</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Assets as at 30 June 2015 (*)			
Due from and loans to other credit institutions	4,531,143	1,925,949	6,457,092
Loans and advances to customers	135,607,371	1,419,412	137,026,783
Derivative financial instruments (Nominal amount)	14,972,905	783,309	15,756,214
Trading and investment securities	39,970,441	-	39,970,441
Long-term investments	1,465,123	783,294	2,248,417
Liabilities as at 30 June 2015			
Due to and borrowings from other credit institutions	4,579,448	1,409,893	5,989,341
Customer deposits	178,103,694	1,243,071	179,346,765
Grants, entrusted funds, and loans exposed to risk	242,140	1,572,649	1,814,789
Valuable papers issued	600	-	600
Off-balance-sheet commitments as at 30 June 2015	12,310,917	-	12,310,917

(*) excluding provisions

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38. SEGMENT REPORT

38.1 Primary segment report: by geographical region

Information about revenues, expenses, other assets, and other liabilities by geographical region as at and for the six-month period ended 30 June 2015 is as follows:

	<i>South</i> <i>VND million</i>	<i>North</i> <i>VND million</i>	<i>Middle</i> <i>VND million</i>	<i>Laos</i> <i>VND million</i>	<i>Total segment</i> <i>reported</i> <i>VND million</i>	<i>Eliminations</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Interest and similar income	7,956,582	1,196,467	1,336,765	81,343	10,571,157	(2,908,714)	7,662,443
Interest and similar expenses	(5,417,177)	(739,049)	(715,901)	(35,467)	(6,907,594)	2,908,714	(3,998,880)
Net interest income	2,539,405	457,418	620,864	45,876	3,663,563	-	3,663,563
Non-interest income	561,652	59,258	48,350	6,609	675,869	-	675,869
TOTAL OPERATING INCOME	3,101,057	516,676	669,214	52,485	4,339,432	-	4,339,432
TOTAL OPERATING EXPENSES	(1,676,413)	(231,375)	(239,713)	(29,033)	(2,176,534)	-	(2,176,534)
Profit before credit loss expenses	1,424,644	285,301	429,501	23,452	2,162,898	-	2,162,898
Credit loss expenses	(689,847)	-	-	(1,249)	(691,096)	-	(691,096)
PROFIT BEFORE TAX	734,797	285,301	429,501	22,203	1,471,802	-	1,471,802
Corporate income tax expenses					(318,021)	-	(318,021)
NET PROFIT FOR THE PERIOD					1,153,781	-	1,153,781
ASSETS							
Due from and loans to other credit institutions	6,422,880	6,110	2,491	25,611	6,457,092	-	6,457,092
Loans and advances to customers	96,873,135	14,939,160	22,289,462	1,410,015	135,511,772	-	135,511,772
Investments	41,183,171	-	-	-	41,183,171	-	41,183,171
Other assets	22,568,492	1,723,522	1,834,919	727,585	26,854,518	(628,407)	26,226,111
TOTAL ASSETS	167,047,678	16,668,792	24,126,872	2,163,211	210,006,553	(628,407)	209,378,146
LIABILITIES							
Due to and borrowings from other credit institutions	5,960,863	3,370	12,743	12,365	5,989,341	-	5,989,341
Customer deposits	124,894,906	29,967,741	23,442,491	1,041,627	179,346,765	-	179,346,765
Other liabilities	4,933,190	527,396	384,935	139,046	5,984,567	(628,407)	5,356,160
TOTAL LIABILITIES	135,788,959	30,498,507	23,840,169	1,193,038	191,320,673	(628,407)	190,692,266

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38. SEGMENT REPORT (continued)

38.2 *Secondary segment report: by business sector*

For management purposes, the Bank is 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 and advances to customers;
- Card services and remittance services.

Investments:

Securities investments and other long-term investments

Interbank:

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

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38. SEGMENT REPORT (continued)

38.2 Secondary segment report: by business sector (continued)

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

	<i>Individual and corporate customers VND million</i>	<i>Investments VND million</i>	<i>Interbank VND million</i>	<i>Un-allocated general activities VND million</i>	<i>Total VND million</i>
ASSETS					
Cash, gold and precious stones	-	-	-	5,962,940	5,962,940
Balances with the Central Banks	-	-	5,584,542	-	5,584,542
Due from and loans to other credit institutions	-	-	6,457,092	-	6,457,092
Derivatives and other financial assets	-	-	25,774	-	25,774
Trading securities	-	12,194,817	-	-	12,194,817
Loans and advances to customers	135,511,772	-	-	-	135,511,772
Investment securities	-	26,943,862	-	-	26,943,862
Long-term investments	-	2,044,492	-	-	2,044,492
Fixed assets	-	-	-	5,729,834	5,729,834
Other assets	5,296,104	711,702	68,247	2,852,374	8,928,427
TOTAL ASSETS	140,807,876	41,894,873	12,135,655	14,545,148	209,383,552
LIABILITIES					
Due to and borrowings from other credit institutions	-	-	5,989,341	-	5,989,341
Customer deposits	179,346,765	-	-	-	179,346,765
Derivatives and other financial liabilities	5,406	-	-	-	5,406
Grants, entrusted funds, loans exposed to risk	-	-	1,814,789	-	1,814,789
Valuable papers issued	600	-	-	-	600
Other liabilities	2,857,537	79,153	38,583	565,498	3,540,771
TOTAL LIABILITIES	182,210,308	79,153	7,842,713	565,498	190,697,672

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

39. RISK MANAGEMENT

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

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

(i) *Risk management structure*

The Board of 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.

(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's activities.

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

Risk management Committee reviews and evaluates the appropriateness and effectiveness of the risk management of procedures and policies of the Bank to make recommendations to the Board of 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.

(v) *Internal Audit*

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

(vi) *Risk measurement and reporting systems*

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

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

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39. FINANCIAL RISK MANAGEMENT (continued)

(vi) Risk measurement and reporting systems (continued)

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

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

(vii) Risk mitigation

The Bank actively uses collateral to reduce its credit risks

(viii) Excessive risk concentration

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

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

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

40. CREDIT RISK

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

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

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

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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40. CREDIT RISK (continued)

40.1 *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 assets, which are equivalent to their book values on the interim separate balance sheet, are listed below:

	<u>30 June 2015</u>	<u>31 December 2014</u>
	<i>VND million</i>	<i>VND million</i>
Credit risk exposures relating to on-balance sheet items		
Due from and loans to other credit institutions	6,457,092	4,958,262
Loans and advances to customers		
- Individual	63,870,196	56,181,992
- Corporation	73,156,587	68,393,865
Derivative 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	5,862,116	6,749,708
Credit risk exposures relating to off-balance sheet items		
Financial guarantees	4,403,717	3,481,253
Letters of credit	7,895,985	8,456,342
Other commitments	11,215	11,103

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

40.2 *Financial assets neither past due nor impaired*

The Bank's financial assets which are neither past due nor impaired include loans and advances 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 believes that it can recover fully and timely these financial assets in the near future.

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40. CREDIT RISK (continued)

40.3 *Financial assets past due but not impaired*

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

	<i>Past due</i>				<i>Total VND million</i>
	<i>Less than 90 days VND million</i>	<i>From 91 to 180 days VND million</i>	<i>From 181 to 360 days VND million</i>	<i>Over 360 days VND million</i>	
Loans to other credit institutions	-	-	-	552	552
Loan and advances 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

Loan and advances 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.

41. MARKET RISK

41.1 *Interest rate risk*

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

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

The term of interest rate re-pricing is calculated from the interim separate balance sheet date to the next interest rate re-pricing date or the maturity date of the items on the interim separate 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:

- ▶ 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 separate balance sheet date;

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41. MARKET RISK (continued)

41.1 Interest rate risk (continued)

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

- ▶ The re-pricing term of balances due from and loans to other credit institutions; loans and advances 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 separate 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 separate 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's assets and liabilities as at 30 June 2015.

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41. MARKET RISK (continued)

41.1 Interest rate risk (continued)

	Overdue VND million	Non-interest bearing VND million	Interest re-pricing period					Over 5 years VND million	Total VND million
			Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million		
Assets									
Cash, gold and precious stones	-	5,962,940	-	-	-	-	-	-	5,962,940
Balances with the Central Banks	-	-	5,584,542	-	-	-	-	-	5,584,542
Due from and loans to other credit institutions - gross	552	-	6,083,612	288,004	-	44,924	40,000	-	6,457,092
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 and advances to customers - gross	1,944,834	-	43,313,682	83,510,613	980,601	1,551,895	4,892,135	833,023	137,026,783
Investment securities - gross	-	6,337,839	-	190,714	2,539,304	8,197,146	10,395,226	62,567	27,722,796
Long-term investments - gross	-	2,248,417	-	-	-	-	-	-	2,248,417
Fixed assets	-	5,729,834	-	-	-	-	-	-	5,729,834
Other assets - gross	293,638	9,002,986	-	-	-	-	-	-	9,296,624
Total assets	2,239,024	29,468,837	59,931,193	89,621,166	3,519,905	11,293,965	15,327,361	895,590	212,297,041
Liabilities									
Due to and borrowings from other credit institutions	-	-	4,050,391	1,709,004	224,755	-	1,009	4,182	5,989,341
Customer deposits	-	716,127	90,198,242	30,760,153	23,579,323	24,182,170	9,875,327	35,423	179,346,765
Grants, entrusted funds, and loans exposed to risk	-	-	4,285	283,206	1,430,719	31,250	65,329	-	1,814,789
Valuable papers issued	-	-	600	-	-	-	-	-	600
Other liabilities	-	3,540,771	-	-	-	-	-	-	3,540,771
Total liabilities	-	4,256,898	94,253,518	32,752,363	25,234,797	24,213,420	9,941,665	39,605	190,692,266
Interest rate sensitivity of on-balance sheet items	2,239,024	25,211,939	(34,322,325)	56,868,803	(21,714,892)	(12,919,455)	5,385,696	855,985	21,604,775

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

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41. MARKET RISK (continued)

41.2 Currency risk

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

The Bank is incorporated and operates in Vietnam, so VND is the reporting currency. The major currency in which the Bank transacts is also VND, some transactions are denominated in gold, USD, EUR and other foreign currencies; except for Laos Branch whose major currency is LAK. The Bank has set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure positions of the currencies are maintained within the established limits.

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	177,440	1,030,283	277,663	506,938	1,992,324
Balances with the Central Banks	-	873,965	-	185,493	1,059,458
Due from and loans to other credit institutions - gross	19,201	2,201,222	-	108,077	2,328,500
Derivatives and other financial assets	265,764	209,662	-	-	475,426
Loans and advances to customers - gross	-	8,577,976	26,794	1,186,277	9,791,047
Fixed assets	-	-	-	291,277	291,277
Other assets - gross	-	252,863	67	28,536	281,466
Total assets	462,405	13,145,971	304,524	2,306,598	16,219,498
Liabilities					
Due to and borrowings from other credit institutions	30	3,381,040	-	20,925	3,401,995
Customer deposits	297,242	10,056,832	-	985,042	11,339,116
Derivatives and other financial liabilities	-	-	-	363,574	363,574
Grants, entrusted funds, and loans exposed to risk	-	1,425,754	-	-	1,425,754
Valuable papers issued	-	4	-	-	4
Other liabilities	4,056	89,155	52	45,076	138,339
Total liabilities	301,328	14,952,785	52	1,414,617	16,668,782
Foreign exchange position on-balance sheet	161,077	(1,806,814)	304,472	891,981	(449,284)
Foreign exchange position off-balance sheet	(127,391)	533,176	(240,704)	(39,028)	126,053
Foreign exchange position on and off-balance sheet	33,686	(1,273,638)	63,768	852,953	(323,231)

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41. MARKET RISK (continued)

41.2 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.

41.3 Liquidity risk

Liquidity risk is the risk which the Bank has difficulty in meeting its financial obligations. Liquidity risk occurs when the Bank cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To minimise the liquidity risk exposure, the Bank diversifies the mobilization of deposits from various sources apart from its basic capital resources. In addition, the Bank has a flexible policy to control liquidity of assets, monitors the future cash flows and daily liquidity. The Bank also evaluates 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's assets and liabilities:

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

The table below summarises the maturity profile of the Bank's financial 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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41. MARKET RISK (continued)

41.3 Liquidity risk (continued)

	Overdue		Current					Total VND million
	Above 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Above 5 years VND million	
Assets								
Cash, gold and precious stones	-	-	5,962,940	-	-	-	-	5,962,940
Balances with the Central Banks	-	-	5,584,542	-	-	-	-	5,584,542
Due from and loans to other credit institutions - gross	552	-	6,083,612	288,004	44,924	40,000	-	6,457,092
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 and advances to customers - gross	1,643,344	301,490	5,979,916	12,884,820	40,458,123	55,817,419	19,941,671	137,026,783
Investment securities - gross	-	-	20,384,957	101,380	-	7,236,459	-	27,722,796
Long-term investments - gross	-	-	-	-	-	-	2,248,417	2,248,417
Fixed assets	-	-	2	35	9,805	409,116	5,310,876	5,729,834
Other assets - gross	287,974	5,664	237,752	183,775	5,801,077	2,750,555	29,827	9,296,624
Total assets	1,931,870	307,154	49,203,446	19,256,302	47,813,929	66,253,549	27,530,791	212,297,041
Liabilities								
Due to and borrowings from other credit institutions	-	-	4,050,391	703,179	684,358	545,660	5,753	5,989,341
Customer deposits	-	-	90,914,369	30,760,153	47,761,493	9,875,327	35,423	179,346,765
Grants, entrusted funds, and loans exposed to risks	-	-	4,285	66,904	312,562	346,299	1,084,739	1,814,789
Valuable papers issued	-	-	600	-	-	-	-	600
Other liabilities	-	-	2,923,731	379,479	215,991	21,570	-	3,540,771
Total liabilities	-	-	97,893,376	31,909,715	48,974,404	10,788,856	1,125,915	190,692,266
Net liquidity gap	1,931,870	307,154	(48,689,930)	(12,653,413)	(1,160,475)	55,464,693	26,404,876	21,604,775

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42. CAPITAL AND OPERATING LEASE COMMITMENTS

42.1 Capital commitments

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

42.2 Operating lease commitments

	<u>30 June 2015</u>	<u>31 December 2014</u>
	VND million	VND million
Operating lease commitments	9,811,293	10,127,892
<i>In which:</i>		
Due within one year	445,034	430,876
Due from one to five years	1,548,543	1,577,679
Due after five years	7,817,716	8,119,337

42.3 Assets held under custody

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

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

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC ("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.

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 have been recognised and accounted for in accordance with 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 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 and advances to customers, trading and investment securities, receivables and other assets under monetary derivative contracts.

**43. 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 separate financial statements, into one of the following categories:

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

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

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

▶ *Held-to-maturity investments:*

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

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

▶ *Loans, advances to customers and receivables:*

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

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

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

Financial liabilities

Financial liabilities of the Bank 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 separate financial statements, into one of the following categories:

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

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

- a) It is classified as held for trading. A financial liability is classified as held for trading if:
 - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - There is 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 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 separate balance sheet if, and only if, the Bank has an enforceable legal right to offset financial assets against financial liabilities and the Bank has intention to settle on a net basis, or the realization of the assets and settlement of liabilities is made simultaneously.

Fair value of financial instruments

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

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2015

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

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

Carrying value and fair value of the Bank's financial instruments as at 30 June 2015 are presented as follows:

	Carrying value					Total carrying value 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	-	-	-	-	5,962,940	5,962,940	5,962,940
Balances with the Central Banks	-	-	-	-	5,584,542	5,584,542	5,584,542
Due from and loans to other credit institutions	-	-	1,118,609	-	5,338,483	6,457,092	6,457,092
Trading securities	12,194,817	-	-	-	-	12,194,817	(*)
Derivative financial instruments	20,368	-	-	-	-	20,368	(*)
Loans and advances to customers	-	-	135,511,772	-	-	135,511,772	(*)
Available-for-sale investment securities	-	-	-	20,464,903	-	20,464,903	(*)
Held-to-maturity investment securities	-	6,478,959	-	-	-	6,478,959	(*)
Other long-term investments	-	-	-	277,846	-	277,846	(*)
Other financial assets	-	-	-	-	5,862,116	5,862,116	(*)
TOTAL	12,215,185	6,478,959	136,630,381	20,742,749	22,748,081	198,815,355	
Due to and borrowings from other credit institutions	-	-	-	-	5,989,341	5,989,341	5,989,341
Customer deposits	-	-	-	-	179,346,765	179,346,765	(*)
Grants, entrusted funds and loans exposed to risks	-	-	-	-	1,814,789	1,814,789	(*)
Valuable papers issued	-	-	-	-	600	600	(*)
Other financial liabilities	-	-	-	-	2,899,153	2,899,153	(*)
TOTAL	-	-	-	-	190,050,648	190,050,648	(*)

(*) 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.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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44. HEDGING

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

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

45. SUBSEQUENT EVENTS AFTER THE INTERIM SEPARATE 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 separate financial statements.

Saigon Thuong Tin Commercial Joint Stock Bank

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2015

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46. OTHER IMPORTANT NOTES

The interim separate financial statements of the Bank 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 separate financial statements based on the financial plan of 2015. This bonus accrual 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 the tax rate of 22% to the interim profit before tax.

▶ Foreign exchange difference

As presented in *Note 4.18*, the unrealised foreign exchange differences are recognised in foreign currency translation reserve in the separate balance sheet at the end of each month and transferred into the separate income statement at the end of financial year.

▶ Statutory reserve

The Bank is required to make supplementary capital reserve and financial reserve annually. The Bank only appropriates 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 separate 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 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 separate financial statements of Quarter 3 of 2015 of the Bank.

Saigon Thuong Tin Commercial Joint Stock Bank

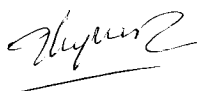
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47. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE END OF THE PERIOD

	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:



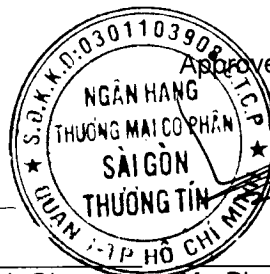
Ms. Le Thi Huyen
Accountant

Reviewed by:



Mr. Huynh Thanh Giang
Chief Accountant

Approved by:



Mr. Phan Huy Khang
General Director

Ho Chi Minh City, Vietnam

28 August 2015