



Joint Stock Commercial Bank for Foreign Trade of Vietnam

Separate interim financial statements for
the six-month period ended

30 June 2017



Joint Stock Commercial Bank for Foreign Trade of Vietnam

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Joint Stock Commercial Bank for Foreign Trade of Vietnam

Bank Information

Establishment and Operation Licence Licence No. 138/GP-NHNN dated 23 May 2008 issued by the Governor of the State Bank of Vietnam (“the SBV”), Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 523/QD-NHNN dated 22 March 2012, Decision No. 1547/QD-NHNN dated 6 August 2014, Decision No. 2182/QD-NHNN dated 26 October 2015, Decision No. 95/QD-NHNN dated 18 January 2017 and Decision No. 891/QD-NHNN dated 8 May 2017 promulgated by the State Bank of Vietnam amending and supplementing the operations of Joint Stock Commercial Bank for Foreign Trade of Vietnam.

Business Registration Certificate Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, Enterprise Code No. 0100112437 was reissued twelfth on 16 December 2016.

Members of the Board of Directors during the period and as at the issuing date of the separate interim financial statements

Mr. Nghiem Xuan Thanh	Chairman	Appointed on 1 November 2014
Mr. Nguyen Danh Luong	Member	Reappointed on 25 April 2013
Mr. Pham Quang Dung	Member	Reappointed on 25 April 2013
Ms. Nguyen Thi Dung	Member	Appointed on 25 April 2013
Mr. Nguyen Manh Hung	Member	Appointed on 26 December 2014
Mr. Nguyen My Hao	Member	Appointed on 28 April 2017
Mr. Pham Anh Tuan	Member	Appointed on 28 April 2017
Mr. Eiji Sasaki	Member	Appointed on 28 April 2017
Ms. Le Thi Hoa	Member	Retired on 1 July 2017
Mr. Yutaka Abe	Member	Resigned on 14 April 2017

Members of the Board of Management during the period and as at the issuing date of the separate interim financial statements

Mr. Pham Quang Dung	Chief Executive Officer (“CEO”)	Appointed on 1 November 2014
Mr. Dao Minh Tuan	Deputy CEO	Reappointed on 15 June 2017
Mr. Nguyen Danh Luong	Deputy CEO	Reappointed on 2 October 2014
Mr. Dao Hao	Deputy CEO	Reappointed on 1 August 2015
Mr. Pham Thanh Ha	Deputy CEO	Reappointed on 1 August 2015
Ms. Truong Thi Thuy Nga	Deputy CEO	Appointed on 1 December 2012
Mr. Pham Manh Thang	Deputy CEO	Appointed on 10 March 2014
Ms. Nguyen Thi Kim Oanh	Deputy CEO	Appointed on 26 December 2014
Ms. Dinh The Thai	Deputy CEO	Appointed on 1 June 2015
Mr. Yutaka Abe	Deputy CEO	Resigned on 14 April 2017

Members of the Supervisory Board during the period and as at the issuing date of the separate interim financial statements

Ms. Truong Le Hien	Head of the Board	Reappointed on 25 April 2013
Ms. La Thi Hong Minh	Member	Reappointed on 25 April 2013
Ms. Do Thi Mai Huong	Member	Reappointed on 25 April 2013
Ms. Vu Thi Bich Van	Member	Reappointed on 25 April 2013

Joint Stock Commercial Bank for Foreign Trade of Vietnam
Bank Information (continued)

Chief Accountant	Ms. Phung Nguyen Hai Yen Reappointed on 16 June 2016
Legal Representative	Since 1 November 2014 Mr. Nghiem Xuan Thanh Title: Chairman of the Board of Directors
Authorised signature on financial statements <i>(According to Letter of Authorisation No. 528/UQ-VCB-TH&CDKT dated 1 November 2014)</i>	Since 1 November 2014 Mr. Nguyen Danh Luong Title: Deputy CEO
The Bank's Head Office	198 Tran Quang Khai Street Hoan Kiem District, Hanoi, Vietnam
The Bank's auditor	KPMG Limited Vietnam

Joint Stock Commercial Bank for Foreign Trade of Vietnam Report of the Board of Management

The Board of Management of Joint Stock Commercial Bank for Foreign Trade of Vietnam (“the Bank”) presents this report and the separate interim financial statements of the Bank for the six-month period ended 30 June 2017.

The Board of Management’s responsibility in respect of the separate interim financial statements

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

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

The Board of Management confirmed that it has complied with the above requirements in preparing the accompanying separate interim financial statements.

Statement by the Board of Management

The Board of Management does hereby state that, in its opinion, the accompanying separate interim financial statements give a true and fair view of the separate interim financial position of the Bank as at 30 June 2017, and of the separate interim results of its operations and its separate interim cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting.

For and on behalf of the Board of Management:



Mr. Nguyen Danh Luong
Deputy CEO

Hanoi, 11 August 2017



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INTERIM FINANCIAL INFORMATION REVIEW REPORT

**To: The Shareholders
 Joint Stock Commercial Bank for Foreign Trade of Vietnam**

We have reviewed the accompanying separate interim financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank"), which comprise the separate balance sheet as at 30 June 2017, the separate statement of income and the separate statement of cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 11 August 2017, as set out on pages 6 to 55.

The Bank's Board of Management's responsibility

The Bank's Board of Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting, and for such internal control as management determines is necessary to enable the preparation and presentation of separate interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - *Review of interim financial information performed by the independent auditor of the entity*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of Joint Stock Commercial Bank for Foreign Trade of Vietnam as at 30 June 2017, and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting.

Other Matter

The separate financial statements of the Bank for the year ended 31 December 2016 and for the six-month period ended 30 June 2016 were audited and reviewed by another firm of auditors whose reports dated 29 March 2017 and 12 August 2016 expressed an unqualified opinion and an unqualified conclusion, respectively, on those statements.

KPMG Limited

Vietnam

Review Report No.: 16-02-571/1



Trần Đình Vinh

Practicing Auditor Registration

Certificate No. 0339-2013-007-1

Deputy General Director

Hanoi, 11 August 2017

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate interim balance sheet as at 30 June 2017

Form B02a/TCTD
(Issued in accordance with Circular No. 49/2014/TT-NHNN dated 31 December 2014)

No.	Items	Note	30/6/2017 VND million	31/12/2016 VND million
A	ASSETS			
I	Cash on hand, gold, silver and gemstones		10,197,095	9,691,487
II	Balances with the State Bank of Vietnam		36,549,466	17,382,097
III	Balances with and loans to other credit institutions		144,863,868	153,555,262
1	Balances with other credit institutions		97,269,940	102,540,290
2	Loans to other credit institutions		47,594,183	51,014,972
3	Allowance for credit losses of balances with and loans to other credit institutions		(255)	-
IV	Trading securities	4	5,371,635	3,249,805
1	Trading securities		5,371,635	3,249,805
V	Derivative financial instruments and other financial assets		405,104	230,658
VI	Loans to customers		509,571,775	449,070,726
1	Loans to customers	5	520,627,917	457,137,817
2	Allowance for credit losses of loans to customers	6	(11,056,142)	(8,067,091)
VIII	Investment securities	7	119,323,244	131,642,317
1	Available-for-sale securities		30,377,031	51,923,760
2	Held-to-maturity securities		89,141,995	79,898,684
3	Allowance for investment securities		(195,782)	(180,127)
IX	Long-term investments		5,254,693	5,254,693
1	Investments in subsidiaries	8(a)	1,719,532	1,719,532
2	Investments in joint-ventures	8(b)	815,515	815,515
3	Investments in associates	8(c)	11,110	11,110
4	Other long-term investments		2,829,418	2,829,418
5	Allowance for long-term investments		(120,882)	(120,882)
X	Fixed assets		5,289,667	5,403,628
1	Tangible fixed assets		3,410,586	3,506,580
a	Cost		8,142,920	7,946,645
b	Accumulated depreciation		(4,732,334)	(4,440,065)
3	Intangible fixed assets		1,879,081	1,897,048
a	Cost		2,471,073	2,471,073
b	Accumulated amortisation		(591,992)	(574,025)
XII	Other assets		10,452,328	10,482,028
1	Receivables		3,358,205	2,507,696
2	Accrued interest and fee receivables		5,225,701	5,746,557
4	Other assets		1,868,422	2,227,775
TOTAL ASSETS			847,278,875	785,962,701

The accompanying notes are an integral part of these separate interim financial statements

No.	Items	Note	30/6/2017 VND million	31/12/2016 VND million
B	LIABILITIES AND SHAREHOLDERS' EQUITY			
I	Amounts due to the Government and the State Bank of Vietnam	9	70,661,272	54,151,413
II	Deposits and borrowings from other credit institutions	10	45,472,210	71,337,732
1	Deposits from other credit institutions		37,527,995	53,491,202
2	Borrowings from other credit institutions		7,944,215	17,846,530
III	Deposits from customers	11	650,568,748	590,910,736
V	Funds for finance, entrusted investment and entrusted loans		2,450	-
VI	Valuable papers issued	12	13,003,482	10,005,376
VII	Other liabilities		16,723,556	12,549,086
1	Accrued interest and fee payables		6,698,251	6,449,922
3	Other liabilities	13	10,025,305	6,099,164
	TOTAL LIABILITIES		796,431,718	738,954,343
VIII	Capital and reserves			
1	Capital		35,977,686	35,977,686
a	Charter capital		35,977,686	35,977,686
2	Reserves		5,728,424	5,730,257
5	Retained profits		9,141,047	5,300,415
a	Previous year's retained profits		5,076,270	870,659
b	Current period's/year's retained profits		4,064,777	4,429,756
	TOTAL SHAREHOLDERS' EQUITY	15(a)	50,847,157	47,008,358
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		847,278,875	785,962,701

No.	Items	Note	30/6/2017 VND million	31/12/2016 VND million
OFF-BALANCE SHEET ITEMS				
1	Credit guarantees		264,463	222,549
2	Foreign exchange commitments		26,944,692	24,605,699
	Forward buying commitments		4,248,202	9,019,812
	Forward selling commitments		22,696,490	15,585,887
4	Letters of credit		45,585,478	44,755,947
5	Other guarantees		37,326,188	36,683,048
6	Other commitments		111,246	63,624

Hanoi, 11 August 2017


Prepared by:


Approved by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Mr. Nguyen Danh Luong


Deputy Director of
Accounting Policy Department


Chief Accountant



Deputy CEO

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate interim statement of income
for the six-month period ended 30 June 2017

Form B03a/TCTD
(Issued in accordance with Circular No.
49/2014/TT-NHNN dated 31 December 2014)

No.	Items	Note	Six-month period ended 30/6/2017 VND million	Six-month period ended 30/6/2016 VND million
1	Interest and similar income	16	22,054,966	17,897,965
2	Interest and similar expenses	17	(11,273,716)	(8,859,573)
I	Net interest income		10,781,250	9,038,392
3	Fee and commission income		2,396,535	1,925,357
4	Fee and commission expenses		(1,168,249)	(911,737)
II	Net fee and commission income		1,228,286	1,013,620
III	Net gain from trading foreign currencies		1,064,242	1,037,840
IV	Net gain from trading securities	18	218,352	156,823
V	Net loss from investment securities	19	(6,324)	(482)
5	Other income		977,181	941,066
6	Other expenses		(72,118)	(122,818)
VI	Net other income		905,063	818,248
VII	Income from capital contribution and equity investments	20	97,211	61,213
	TOTAL OPERATING INCOME		14,288,080	12,125,654
VIII	TOTAL OPERATING EXPENSES	21	(6,227,107)	(4,932,529)
IX	Net operating profit before allowance for credit losses		8,060,973	7,193,125
X	Allowance for credit losses		(3,004,304)	(2,998,842)
XI	PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)		5,056,669	4,194,283

The accompanying notes are an integral part of these separate interim financial statements

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate interim statement of income
for the six-month period ended 30 June 2017 (continued)

Form B03a/TCTD
(Issued in accordance with Circular No. 49/2014/TT-NHNN dated 31 December 2014)

No.	Items.	Note	Six-month period ended 30/6/2017 VND million	Six-month period ended 30/6/2016 VND million
XI	PROFIT BEFORE TAX (BROUGHT FROM THE PREVIOUS PAGE)		5,056,669	4,194,283
7	Current corporate income tax expenses		(991,892)	(826,382)
XII	Corporate income tax expenses		(991,892)	(826,382)
XIII	NET PROFIT AFTER TAX		4,064,777	3,367,901

Hanoi, 11 August 2017

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Mr. Nguyen Danh Luong



*Deputy Director of
Accounting Policy Department*



Chief Accountant



The stamp is a red circular seal of the Joint Stock Commercial Bank for Foreign Trade of Vietnam, Hoan Kiem District, Hanoi. It contains the text: M.S.D.N: 0100112437, NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN NGOẠI THƯƠNG VIỆT NAM, HOÀN KIẾM - TP. HÀ NỘI.

Deputy CEO

The accompanying notes are an integral part of these separate interim financial statements

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate interim statement of cash flows
for the six-month period ended 30 June 2017 (Direct method)

Form B04a/TCTD
(Issued in accordance with Circular No. 49/2014/TT-NHNN dated 31 December 2014)

No.	Items	Note	Six-month period ended 30/6/2017 VND million	Six-month period ended 30/6/2016 VND million
CASH FLOWS FROM OPERATING ACTIVITIES				
01	Interest and similar income received		22,593,854	18,456,696
02	Interest and similar expenses paid		(11,029,641)	(9,156,958)
03	Fee and commission income received		1,228,286	1,013,620
04	Net receipts from foreign currencies, gold and securities trading		1,474,463	1,328,145
05	Other expenses paid		(13,553)	(82,297)
06	Receipts from recovery of bad debts previously written-off		917,476	900,944
07	Payments to employees and for other operating activities		(4,377,046)	(4,170,512)
08	Income tax paid during the period		(917,277)	(611,887)
Net cash flows from operating activities before changes in operating assets and liabilities			9,876,562	7,677,751
(Increase)/decrease in operating assets				
09	Balances with and loans to other credit institutions		2,043,887	(938,058)
10	Trading securities		10,181,588	1,065,965
11	Derivative financial instruments and other financial assets		(174,446)	(108,131)
12	Loans to customers		(63,490,100)	(39,501,499)
13	Utilisation of allowance for credit losses		-	(1,412,453)
14	Other operating assets		(683,560)	(880,630)
Increase/(decrease) in operating liabilities				
15	Amounts due to the Government and the SBV		16,509,859	(9,808,852)
16	Deposits and borrowings from other credit institutions		(25,865,522)	(22,873,120)
17	Deposits from customers		59,658,012	34,348,194
18	Valuable papers issued		2,998,106	(404)
19	Funds for finance, entrusted investment and entrusted loans		2,450	-
21	Other operating liabilities		2,503,422	(222,336)
22	Payments from reserves		(421,864)	(676,260)
I	Net cash generated from operating activities		13,138,394	(33,329,833)

The accompanying notes are an integral part of these separate interim financial statements

No.	Items	Note	Six-month period ended 30/6/2017 VND million	Six-month period ended 30/6/2016 VND million
CASH FLOWS FROM INVESTING ACTIVITIES				
01	Payments for purchases of fixed assets		(196,275)	(158,874)
02	Proceeds from disposals of fixed assets		1,223	776
03	Payments for disposals of fixed assets		(83)	(1,175)
09	Dividends and interest received from long-term investments and capital contribution		82,466	61,213
09	Dividends of prior year received in the period		-	7,123
II	Net cash used in investing activities		(112,669)	(90,937)
IV	Net cash flows during the period		13,025,725	(33,420,770)
V	Cash and cash equivalents at the beginning of the period	22	177,722,729	162,740,479
	Reclassification		(21,302,484)	-
VII	Cash and cash equivalents at the end of the period	22	169,445,970	129,319,709

Hanoi, 11 August 2017

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Mr. Nguyen Danh Luong



Deputy Director of
Accounting Policy Department



Chief Accountant



Deputy CEO

The accompanying notes are an integral part of these separate interim financial statements

These notes form an integral part of, and should be read in conjunction with, the accompanying separate interim financial statements.

1. Reporting entity

(a) Establishment and operations

Joint Stock Commercial Bank for Foreign Trade of Vietnam (“the Bank”) was established upon the transformation from a State-owned commercial bank following the approval of the Prime Minister on the equitisation plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 by the State Bank of Vietnam (“the SBV”) for a period of 99 years, Business Registration Certificate No. 0103024468 dated 2 June 2008 by Hanoi Authority for Planning and Investment and Enterprise Code No. 0100112437 was reissued twelfth on 16 December 2016.

The principal activities of the Bank in accordance with Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 2182/QD-NHNN dated 26 October 2015 and Decision No. 891/QD-NHNN dated 8 May 2017 amending and supplementing Establishment and Operation Licence No. 138/GP-NHNN on the contents of the Bank’s operations are to mobilise and receive short, medium and long-term deposits from organisations and individuals; lend to organisations and individuals up to the nature and capability of the Bank’s capital resources; conduct settlement and cash services; provide other banking services as approved by the SBV; invest in associates, joint-ventures and other companies; invest in stocks and bonds; and trade in foreign exchange and real-estate business in accordance with the relevant regulations; trade in and supply interest rates derivatives in accordance with the relevant regulations.

(b) Charter capital

Under Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 issued by the SBV and Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, the Bank’s charter capital was VND12,100,860,260,000. Under Business Registration Certificate with Enterprise Code No. 0100112437 was reissued twelfth on 16 December 2016, the Bank’s charter capital was VND35,977,685,750,000. The face value per share is VND10,000.

	30/6/2017		31/12/2016	
	Number of shares	%	Number of shares	%
Shares owned by the State of Vietnam	2,774,353,387	77.10%	2,774,353,387	77.10%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd., Japan)	539,668,502	15.00%	539,668,502	15.00%
Shares owned by other shareholders	283,746,686	7.90%	283,746,686	7.90%
	3,597,768,575	100%	3,597,768,575	100%

(c) Location and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 30 June 2017 and 31 December 2016, the Bank had one (1) Head Office, one (1) Training Centre and one hundred and one (101) branches nationwide, three (3) local subsidiaries, two (2) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) overseas representative office located in Singapore and one (1) representative office located in Ho Chi Minh City.

(d) Subsidiaries, joint-ventures and associates

Subsidiaries

Subsidiaries	Operating Licence	Business sector	% direct shareholding by the Bank
Vietcombank Finance Leasing Company Limited	Operating Licence No. 05/GP-CTCTTC dated 25 May 1998 granted by the SBV	Financial leasing	100%
Vietcombank Securities Company Limited	Operating Licence No. 09/GPHDKD dated 24 April 2002, the most recent amendment No. 25/GPDC-UBCK dated 11 June 2013 granted by the State Securities Commission ("SSC")	Securities	100%
Vietnam Finance Company Limited	Business Registration No. 0226 issued by Hong Kong Monetary Authority dated 7 March 1978. First amendment dated 3 November, 1992, second amendment dated 19 September 1995	Financial services	100%
Vietcombank Money Inc.	Business Registration No. E0321392009-6 dated 15 June 2009 granted by the Authority of the State of Nevada, United States	Remittance	87.5%
Vietcombank Tower 198 Ltd.	Investment Licences No. 1578/GP dated 30 May 1996 and No. 1578/GPDC1 dated 18 April 2006 granted by the Ministry of Planning and Investment	Office leasing	70%

Joint-ventures

Joint-ventures	Operating Licence	Business sector	% direct shareholding by the Bank
Vietcombank – Bonday – Ben Thanh Company Limited	Investment Licence No. 2458/GP dated 7 February 2005 granted by the Ministry of Planning and Investment with Amended License No. 2458/GCND1/41/1 dated 26 October 2011 and Amended License No. 2458/GCND2/41/1 dated 28 December 2012	Office leasing	52%
Vietcombank Fund Management	Establishment and Operating Licence No. 06/UBCK-GPHDQLQ dated 2 December 2005 granted by the State Securities Commission; most recent amendment No. 17/GPDC-UBCK dated 6 August 2015	Investment fund management	51%
Vietcombank Cardif Life Insurance Company Limited	Investment Licence No. 55/GP/KDBH dated 23 October 2008 granted by the Ministry of Finance	Life insurance	45%

Associates

Associates	Operating Licence	Business sector	% direct shareholding by the Bank
Vietcombank – Bonday Company Limited	Operating Licence No. 283/GP dated 5 December 1991 granted by the Department of Planning and Investment, most recent amendment No. 283/GPDC3 dated 2 October 2000	Office leasing	16%

(e) Number of employees

As at 30 June 2017, the Bank had 15,354 employees (31 December 2016: 15,164 employees).

2. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Bank in the preparation and presentation of these separate interim financial statements.

(a) Purpose of preparing the separate interim financial statements

The Bank has subsidiaries as disclosed in Note 1 and Note 8(a). The Bank prepared these separate interim financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC dated 6 October 2015 of the Ministry of Finance on disclosure of information on the securities market. In addition, as required by the Circular, the Bank has prepared the consolidated interim financial statements of the Bank and its subsidiaries for the six-month period ended 30 June 2017 (“the consolidated interim financial statements”) dated 11 August 2017.

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

(b) Basis of financial statement preparation

The separate interim financial statements, presented in Vietnam Dong (“VND”) and rounded to the nearest million VND (“VND million”), have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting.

The separate interim financial statements, except for the separate interim statement of cash flows, are prepared on the accrual basis using the historical cost concept. The separate interim statement of cash flows is prepared using direct method.

(c) Accounting period

The Bank's annual accounting period is from 1 January to 31 December. The separate interim financial statements are prepared for the six-month period ended 30 June 2017.

(d) Foreign currency transactions

According to the Bank's accounting system, all transactions are recorded in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the exchange rates prevailing at the end of the accounting period. Non-monetary foreign currency assets and liabilities are recorded at the exchange rate as at the date of the transaction. Income and expenses in foreign currencies are translated into VND in the separate interim statement of income at the spot exchange rates as at the dates of transactions.

Foreign exchange differences arising from foreign currency trading activities in the period were recorded in the separate interim statement of income at the reporting date.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the SBV, Treasury bills and other short-term valuable papers which are eligible for discounting with the SBV, balances with other credit institutions with original terms to maturity not exceeding three months from the original date of placements; investments in securities with recoverability or maturity not exceeding three months that are readily convertible into known amounts of cash, and that are subjected to an insignificant risk of change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Deposits with and loans to other credit institutions

Deposits with other credit institutions, except for current deposits, are term deposits at other credit institutions and foreign bank branches with terms of not exceeding three months.

Loans to other credit institutions are loans with original terms to maturity of not exceeding twelve months.

Current deposits at other credit institutions are stated at the amount of the outstanding principal.

Term deposits with and loans to other credit institutions are stated at the amount of the outstanding principal less any specific allowance for credit risks.

Credit risk classification of term deposits with and loans to other credit institutions and allowance for credit risks thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the State Bank of Vietnam on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activities of credit institutions and foreign banks' branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amending and supplementing a number of articles of Circular 02 ("Circular 09"). Accordingly, the Bank has provided specific allowance for term deposits with and loans to other credit institutions in accordance with the method described in Note 2(g).

According to Circular 02, the Bank is not required to provide general allowance for balances with and loans to other credit institutions.

(g) Loans to customers

(i) Loans to customers

Loans to customers are stated in the separate interim balance sheet at the principal amounts outstanding as at the date of the separate interim financial statements.

Allowance for credit risk of loans to customers is recorded and stated in a separate line in the separate interim balance sheet.

(ii) Specific allowance for credit risk

According to Circular 02 and Circular 09, specific allowance is determined based on the balance and loan classification results of each customer's loans at the last working day of the quarter. For the last quarter, specific allowance is determined based on the balance and loan classification results of each customer's loans at the last working day of November.

Since 1 January 2010, the Bank has applied Article 7, Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by the SBV to make debt classification based on the qualitative method as approved by the SBV. However, according to Circular 02, the Bank is required to classify debts and off-balance sheet commitments in accordance with both Article 10 and Clause 1 of Article 11, Circular 02. In that case, should classifications of a debt in accordance with Article 10 and Clause 1 of Article 11, Circular 02 differ, the debt is to be classified into the group of higher risk.

Since 1 January 2015, the Bank is required to use the information from Credit Information Centre (CIC) about the debt group of customers at the time of debt classification to adjust the debt group, off-balance sheet items. If a customer's debts and off-balance sheet commitments are classified in a debt group that has a lower risk than the debt groups provided in CIC's list, the Bank shall adjust its classification of debts and off-balance commitments following the debt groups provided by CIC.

Specific allowance is calculated based on the following allowance rates specified for the debt principal less the discounted value of collateral assets:

	<i>Allowance rate</i>
Group 1 – Current	0%
Group 2 – Special mentioned	5%
Group 3 – Sub-standard	20%
Group 4 – Doubtful	50%
Group 5 – Loss	100%

Bad debts are loans within groups 3, 4 and 5.

(iii) General allowance for credit risk

The Bank is required to make and maintain a general allowance at 0.75% of total outstanding balance of loans to customers which are classified into Group 1 to 4 as at the reporting date.

(iv) Bad debts written-off

According to Circular 02, the Bank writes off bad debts in the following cases:

- Borrowers who are dissolved, bankrupted under legal regulations (in case of legal entities); or are deceased or missing (in case of individuals);
- Debts are classified into Group 5.

(h) **Investments**

(i) Trading securities

Trading securities are debt securities, equity securities and other securities which are bought and held for the purpose of reselling within one year to earn capital gains.

Trading securities are initially recognised at the cost of acquisition. They are subsequently measured at the lower of book value and market value. Gains or losses from the sales of trading securities are recognised in the separate interim statement of income.

(ii) Investment securities

Investment securities are classified into two categories: available-for-sale and held-to-maturity securities. The Bank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, the Bank is allowed to reclassify investment securities once, at maximum, after the purchase date.

Available-for-sale investment securities

Available-for-sale investment securities are debt securities, equity securities or other securities, which are acquired for an indefinite period and may be sold at any time. For equity securities, which are not subsidiaries, associates, joint-ventures, and the Bank is neither a founding shareholder nor a strategic partner; nor has the impact on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the board of directors/board of management.

Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities, with fixed or determinable payments and maturities where the Bank's management has the positive intention and ability to hold until maturity.

Investment securities are initially recognised at cost of acquisition, including transaction costs and other directly attributable costs. They are subsequently measured at the lower of the book value after amortisation of surplus/discount and the market value. Premiums and discounts arising from purchases of debt securities are amortised in the separate interim statement of income using the straight-line method over the period from the acquisition dates to the maturity dates.

In addition, according to Circular 02 and Circular 09, investment securities which are unlisted corporate bonds are subject to classification and allowance in a manner similar to loans to customers presented in Note 2(g).

(iii) Long-term investments

Investments in subsidiaries, joint-ventures and associates

Subsidiaries are entities that fall in one of the followings:

- The Bank or the Bank and its related parties hold more than 50% of charter capital or more than 50% of the voting rights in that entity;
- The Bank has the power, directly or indirectly, to appoint most of or all of the members of the board of directors, the board of management or chief executive officer of the entity;
- The Bank has the power to amend, supplement to the entity's operation charter;
- The Bank and its related parties control, directly or indirectly, the resolution and decision of the annual general shareholders' meeting, the board of directors, and the board of management of the entity.

Joint-ventures are those entities to which the Bank has joint control, established by contractual agreements and require unanimous consent of all joint-venture investors for the entity's strategic financial and operating decisions.

Associates are those entities to which the Bank has significant influence, but not control, over their financial and operating policies.

Investments in subsidiaries, joint-ventures and associates are stated at cost less allowance for diminution in value.

Other long-term investments

Other long-term investments represent the Bank's capital investments in other enterprises where the Bank owns less than 11% of voting rights and is either a founding shareholder or a strategic partner; or has influences on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the board of directors/board of management, but the Bank does not have control or significant influence over investees.

Other long-term investments include equity securities and other long-term capital contributions which are intended to hold for more than one year (except for capital contributions and investments into joint-ventures, associates and subsidiaries).

Other long-term investments are initially recognised at cost less allowance for diminution in value of the investments.

The allowance for diminution in the value of long-term investments is made if the economic entity in which the Bank invests in suffers a loss (except for cases where losses have been anticipated in the initial business plans) in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. The allowance amount is the difference between the parties' actual capital contributions to the economic entity and the actual owners' equity multiplied (x) by the ratio of capital invested by the Bank to the total actual capital of the economic entity. For an investment in listed shares or shares which fair value can be determined reliably, allowance is made based on the shares' market value (similar to allowance for diminution in value of trading securities).

(i) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future (repos) are still recognised in the separate interim financial statements. The corresponding cash received from these agreements is recognised in the separate interim balance sheet as a liability. The difference between the sale price and repurchase price is amortised in the separate interim statement of income over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

Securities purchased under agreements to resell at a specific date in the future are not recognised in the separate interim financial statements. The corresponding cash paid under these agreements is recognised in the separate interim balance sheet in "Loans to customers". The difference between the purchase price and resale price is amortised over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract and recognised in the separate interim statement of income.

(j) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use on the site where it is located.

In accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance ("Circular 45") guiding the framework of management, use and depreciation of fixed assets, assets shall be considered as fixed assets if they meet all of the following three criteria:

- It is certain to gain future economic benefits from the use of such assets;
- The useful life of assets is above one year;
- Historical costs of the assets must be determinable reliably, with a minimum value of VND30,000,000.

Expenditures incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the separate interim statement of income for the period in which the costs are incurred. In case it can be clearly demonstrated that these expenditures have resulted in an increase in the expected future economic benefits obtained from the use of these tangible fixed assets beyond their originally assessed standard level of performance, the expenditures will be capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- | | |
|---------------------------|-------------|
| • Building and structures | 25 years |
| • Machinery and equipment | 3 - 5 years |
| • Motor vehicles | 6 years |
| • Other fixed assets | 4 years |

(k) Intangible fixed assets

(i) Land use rights

According to Circular 45, intangible fixed assets recognised as land use rights comprise:

- The land use rights allocated by the State with land use fee or receiving the transfer of legal land use rights (including definite and indefinite land use rights);
- The rights to use the leased land before the effective date of the Land Law 2003 but the rent has been paid for the leasing time or paid in advance for many years and the remaining paid land lease term is at least five years and granted with certificate of land use rights by the competent authority.

The initial cost of land use rights is determined as the total amount paid to have the land use rights plus costs of site clearance, ground levelling, registration fee (excluding costs of construction on that land) or the value of land use rights with contributed capital.

Land use rights not recognised as intangible assets comprise:

- Land use rights allocated by the State without land use fee;
- Land lease rent paid one time for the entire lease term (the land lease time after the effective date of the Land Law 2003 without certificate of land use rights granted), the rent is amortised into the business expenses by the number of lease years;
- Land lease rent paid annually, the rent is recorded into the business expenses in the period in proportion to the rent annually paid.

According to Circular 45, intangible fixed assets which are long-term land use rights with land use fee or receiving the legal long-term land use rights are not amortised.

For the intangible fixed assets which are the value of land use rights with term or the leased land use rights, the time of depreciation is the time permitted for land use of the Bank.

(ii) Other intangible fixed assets

Other intangible fixed assets are stated at cost less accumulated amortisation. Copyrights, patents and other intangible fixed assets are amortised on a straight-line basis over 4 years.

(l) **Other assets**

Allowance for overdue other assets which are not classified as assets bearing credit risk are made in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 and Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014. Accordingly, allowance for these assets is based on their overdue ages or estimated loss for debts whose debtors have become bankrupt or are undergoing dissolution procedures, are missing, have escaped, are prosecuted, detained or on trial by law enforcement bodies, are serving sentences or have deceased.

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

For other assets that are classified as assets with credit risks, the Bank conducts classification and makes allowance similarly to those of loans to customers described in Note 2(g).

(m) **Deposits and borrowings from other credit institutions**

Deposits and borrowings from other credit institutions are stated at cost.

(n) **Deposits from customers**

Deposits from customers are stated at cost.

(o) **Valuable papers issued**

Valuable papers issued are stated at cost, less accumulated amortised premiums and discounts. Cost of valuable papers issued includes the proceeds from the issuance less directly attributable costs.

(p) Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for the Bank for 12 months or more ("the eligible employees") voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service until 31 December 2008 and employee's average monthly salary of the latest six-month period until termination. Before 2012, provision for severance allowance has been provided based on employees' years of service and their current salary level.

On 24 October 2012, the Ministry of Finance issued Circular No. 180/2012/TT-BTC ("Circular 180") guiding the financial treatment for redundancy allowance to employees of enterprises. Circular 180 provides that, in preparation of financial statements for the year 2012, if an enterprise's provision for severance allowance still has the outstanding balance, the enterprise must reverse the balance to other income for the year 2012 and must not carry forward the balance to the following year. Accordingly, the Bank reversed the outstanding balance of provision for severance allowance. This change in accounting policy has been applied prospectively from 2012.

(q) Capital and reserves

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from share premium in equity.

(ii) Share premium

On receipt of capital from shareholders, the difference between the issuance price and the par value of the shares is recorded as share premium in equity.

(iii) Treasury shares

When the Bank repurchases its ordinary shares, the total paid amount including directly attributable costs, net off any tax effects, is recognised as a deduction from equity and referred to as treasury shares.

(iv) Reserves

Reserves are for specific purposes and appropriated from net profit after tax of the Bank at prescribed rates as below:

- Supplementary charter capital reserve: 5% of net profit after tax and does not exceed the Bank's charter capital.
- Financial reserve: 10% of net profit after tax and does not exceed 25% of the Bank's charter capital.
- Investment and development reserve and other reserves: are to be made upon the resolutions of the Annual General Shareholders' Meeting and in accordance with and relevant statutory requirements.

The remaining net profit after tax, after appropriation to reserves and dividends payment, is recorded as retained profits of the Bank.

(r) Income and expenses

(i) Interest income and interest expenses

Interest income of outstanding loans classified in Group 1 – Current debt as defined in Note 2(g) is recognised on an accrual basis. Interest on debts classified in Group 2 to Group 5 is recognised in the separate interim statement of income upon receipt.

Interest expenses are recorded on an accrual basis.

(ii) Fees, commissions and dividend income

Fees and commissions are recognised on an accrual basis. Cash dividends from investment activities are recognised in the separate interim statement of income when the Bank's right to receive payment is established.

(iii) Share dividends

In accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance, dividends and other distribution received in the form of bonus shares and share dividends and amounts distributed in the form of shares coming from profits of joint stock companies, are not recorded in the separate interim statement of income. Instead, the additional shares obtained are reflected in the number of shares held by the Bank.

(iv) Uncollectible income

According to Circular No. 05/2013/TT-BTC dated 9 January 2013 issued by the Ministry of Finance, income receivables that are recognised as income but uncollectible at the due date are reversed as a reduction of income if the due date is within the same accounting period, or recorded as an expense if the due date is not within the accounting period, and must be monitored on the off-balance sheet for following-up on collection. When the receivable is collected, the Bank will record it as an operating income.

(s) Operating lease

Payments made under operating leases are recognised in the separate interim statement of income on a straight-line basis over the term of the lease.

(t) Taxation

Corporate income tax comprises of current and deferred tax. Corporate income tax is recognised in the separate interim statement of income except that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the accounting period, and any adjustment to tax payables in respect of the previous period.

Deferred income tax is calculated by using the balance sheet method, providing for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the end of the accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Related parties

Related parties of the Bank include:

- Parent company or the Bank considered as the parent company of the Bank;
- The Bank's subsidiaries;
- The party that has the same parent company or credit institution with the Bank;
- Managers or members of the Supervisory Board of the parent company of the Bank;
- Individuals or organisations which have the authority to appoint managers or members of the Supervisory Board of the parent company of the Bank;
- Managers or members of the Supervisory Board of the Bank;
- Companies or organisations which have the authority to appoint managers, or members of the Supervisory Board of the Bank;
- Wives, husbands, parents, children (including foster parents, foster children, parents-in-law, son-in-law, daughter-in-law, step parents, step children), siblings (including half siblings), brothers-in-law, sisters-in-law of managers or members of the Supervisory Board, capital contributors or shareholders who hold at least 5% of charter capital or share capital with voting rights of the Bank;
- Individuals or organisations that hold at least 5% of charter capital or share capital with voting rights of the Bank;
- Representatives for the Bank's paid-in capital and shares.

The Government of Vietnam, through the State Bank of Vietnam, is a shareholder of the Bank. Therefore, in these separate interim financial statements, some Government agencies, including the Ministry of Finance and the State Bank of Vietnam are considered as related parties of the Bank.

(v) Segment reporting

A segment is a distinguishable component of the Bank engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(w) Off-balance sheet items

(i) Foreign exchange contracts

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

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

Swap contracts are commitments to settle in cash at a future date based on differences between specified exchange rates, calculated on the notional principal amount. Swap contracts are subsequently revaluated at the end of the accounting period and the difference on revaluation is recognised under “Foreign exchange differences” in the equity section and is recorded in the separate interim statement of income at the end of the accounting period.

(ii) Commitments and contingent liabilities

Bank has credit commitments arising from its regular lending activities. These commitments are unutilised loans and overdraft facilities which are approved. The Bank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore, these commitments and contingent liabilities do not represent expected future cash flows.

According to Circular 02 and Circular 09, the Bank, for management purpose has to classify guarantees, payment acceptances and irrevocable lending commitments with specific effective date into 5 groups, similar to loans to customers (presented in Note 2(g)).

(x) Offsetting

Financial assets and liabilities are offset and the net amounts are reported in the separate interim balance sheet if, and only if, the Bank has currently enforceable legal rights to offset the recognised amounts and the Bank has an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. Presentation of financial instruments in accordance with Circular No. 210/2009/TT-BTC

During its business operations, the Bank regularly enters into contracts which give rise to financial assets, financial liabilities and equity instruments.

Financial assets of the Bank mainly include:

- Cash;
- Balances with the State Bank of Vietnam;
- Balances with and loans to other credit institutions;
- Loans to customers;
- Trading securities;
- Investment securities;
- Long-term investments;
- Financial derivative assets; and
- Other financial assets.

Financial liabilities of the Bank mainly include:

- Amounts due to the Government and the State Bank of Vietnam;
- Deposits and borrowings from other credit institutions;
- Deposits from customers;
- Valuable papers issued;
- Financial derivative liabilities; and
- Other financial liabilities.

(a) Classification of financial assets and liabilities

For the disclosure purpose in the separate interim financial statements, the Bank appropriately classifies financial assets and financial liabilities in accordance with Circular No. 210/2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance ("Circular 210").

Financial assets are classified as:

- Financial assets held for trading;
- Held-to-maturity investments;
- Loans and receivables; and
- Available-for-sale financial assets.

Financial liabilities are classified as:

- Financial liabilities held for trading; and
- Financial liabilities carried at amortised cost.

(b) Recognition

Financial assets and financial liabilities are recognised on the separate interim balance sheet when, and only when, the Bank becomes a party to contractual provisions for the supply of those financial instruments. The Bank recognises a financial asset or financial liability at the date when the contract is effective (trade date accounting).

(c) Derecognition

A financial asset is derecognised when, and only when, the Bank's contractual rights to receive the cash flows from the financial asset are terminated, or the majority of the risks and rewards of ownership of the asset are transferred. A financial liability is derecognised when, and only when, the contractual obligation is settled (i.e. either discharged, cancelled, or expired).

(d) Measurement and disclosures of fair value

In accordance with Circular 210, the Bank has to disclose the fair value of financial assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as presented in Note 25(b).

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting in Note 25(b). The financial instruments of the Bank are still recognised and recorded in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting as described in the notes above.

Fair value is the amount for which an asset could be exchanged, or a liability settled, among knowledgeable, willing parties in an arm's length transaction on the recognition date.

When an active market exists for a financial instrument, the Bank measures the fair value of that instrument using its quoted price in the active market. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions.

When an active market does not exist for a financial instrument, the Bank determines the fair value of that instrument using valuation techniques. The chosen valuation technique would make maximum use of market inputs, rely as little as possible on estimates specific to the Bank, incorporate all factors that market participants would consider when setting prices, and be consistent with accepted economic methodologies for pricing financial instruments. Inputs for valuation techniques reasonably reflect market expectations and measures of the risk-return factors inherent in the financial instrument.

In case there is not enough information to utilise valuation techniques, fair value of the financial instruments without quoted market prices are deemed not to have been reliably measured and therefore, not disclosed.

4. Trading securities

	30/6/2017 VND million	31/12/2016 VND million
Debt securities		
Government bonds	3,538,944	2,796,283
Bonds issued by other local credit institutions	1,832,691	453,522
	5,371,635	3,249,805

5. Loans to customers

	30/6/2017 VND million	31/12/2016 VND million
Loans to local economic entities and individuals	516,690,220	454,568,540
Discounted bills and valuable papers	3,937,265	2,569,000
Loans given to make payments on behalf of customers	432	277
	520,627,917	457,137,817

Loan portfolio by debt group was as follows:

	30/6/2017 VND million	31/12/2016 VND million
Current	508,067,626	442,336,991
Special mentioned	4,683,240	7,911,198
Sub-standard	1,100,557	1,359,294
Doubtful	1,464,706	1,329,517
Loss	5,311,788	4,200,817
	520,627,917	457,137,817

Loan portfolio by term was as follows:

	30/6/2017 VND million	31/12/2016 VND million
Short-term	299,495,010	259,279,448
Medium-term	54,349,465	51,213,800
Long-term	166,783,442	146,644,569
	520,627,917	457,137,817

6. Allowance for credit losses of loans to customers

	30/6/2017 VND million	31/12/2016 VND million
General allowance	3,864,871	3,353,856
Specific allowance	7,191,271	4,713,235
	11,056,142	8,067,091

Movements in general allowance for credit losses of loans to customers were as follows:

	Six-month period ended 30/6/2017 VND million	Year ended 31/12/2016 VND million
Opening balance	3,353,856	2,688,909
Allowance made during the period	511,015	664,947
Closing balance	3,864,871	3,353,856

Movements in specific allowance for credit losses of loans to customers were as follows:

	Six-month period ended 30/6/2017 VND million	Year ended 31/12/2016 VND million
Opening balance	4,713,235	5,875,693
Allowance made during the period	2,477,379	3,008,929
Allowance utilised for written-off loans	-	(4,173,895)
Foreign exchange difference	657	2,508
Closing balance	7,191,271	4,713,235

7. Investment securities

	30/6/2017 VND million	31/12/2016 VND million
Available-for-sale securities		
Government bonds	21,621,398	39,127,435
Securities issued by other local credit institutions	8,455,633	12,496,325
Securities issued by local economic entities	300,000	300,000
	<hr/>	<hr/>
	30,377,031	51,923,760
Allowance for available-for-sale securities	(17,250)	(17,250)
	<hr/>	<hr/>
Total available-for-sale securities	30,359,781	51,906,510
	<hr/>	<hr/>
Held-to-maturity securities		
Government bonds	70,366,418	62,660,834
Debt securities issued by other local credit institutions	5,416,826	2,400,099
Debt securities issued by local economic entities	13,358,751	14,837,751
	<hr/>	<hr/>
	89,141,995	79,898,684
Allowance for held-to-maturity securities	(178,532)	(162,877)
	<hr/>	<hr/>
Total held-to-maturity securities	88,963,463	79,735,807
	<hr/>	<hr/>
Total investment securities	119,323,244	131,642,317
	<hr/>	<hr/>

8. Long-term investments

(a) Investments in subsidiaries

		30/6/2017 and 31/12/2016	
		Owned	At cost
	Business sector	percentage %	VND million
Vietcombank Financial Leasing Company Limited	Finance lease	100%	500,000
Vietcombank Securities Company Limited	Securities	100%	700,000
Vietnam Finance Company Limited	Financial services	100%	116,902
Vietcombank Money Inc.	Remittance	87.5%	204,978
Vietcombank Tower 198 Ltd.	Office leasing	70%	197,652
			1,719,532

(b) Investment in joint-ventures

		30/6/2017 and 31/12/2016	
		Owned	At cost
	Business sector	percentage %	VND million
Vietcombank – Bonday – Ben Thanh Company Limited (i)	Office leasing	52%	410,365
Vietcombank Fund Management (i)	Investment fund management	51%	135,150
Vietcombank – Cardif Life Insurance Company Limited (ii)	Life insurance	45%	270,000
			815,515

- (i) The Bank owns 52% of the total contributed capital of Vietcombank – Bonday – Ben Thanh Company Limited and 51% of the total contributed capital of Vietcombank Fund Management. However, these companies' charters require a consensus among related parties on all important decisions on the companies' operational and financial matters. Hence, owning more than half of the companies' contributed capital does not mean that the Bank has control over these companies. The investments in these two companies are classified into "Investment in joint-ventures" rather than "Investment in subsidiaries".
- (ii) The Bank owns 45% of the total contributed capital of Vietcombank – Cardif Life Insurance Company Limited. However, this company's charter requires a consensus among related parties on all important decisions on this company's operational and financial matters. Therefore, the investment in the company is classified into "Investment in joint-ventures" rather than "Investment in associates".

(c) Investments in associates

		30/6/2017 and 31/12/2016	
Business sector		Owned	At cost
		percentage %	VND million
Vietcombank – Bonday Company Limited	Office leasing	16%	11,110

The Bank has significant influence but limited control, through its participation in the Board of Directors, over the financial and operating policies of this company. Therefore, the investment in the above company is classified into “Investment in associates” rather than “Other long-term investments”.

9. Amounts due to the Government and the State Bank of Vietnam

	30/6/2017 VND million	31/12/2016 VND million
Borrowings from the SBV		
Borrowings on the basis of credit profiles	3,685,011	3,903,811
Other borrowings	775,563	726,991
Demand deposits from the State Treasury		
Deposits in VND	50,171,887	28,492,101
Deposits in foreign currencies	11,664,827	14,260,257
Deposits from the SBV	4,363,984	6,768,253
	70,661,272	54,151,413

10. Deposits and borrowings from other credit institutions

	30/6/2017 VND million	31/12/2016 VND million
Deposits from other credit institutions		
Demand deposits in VND	3,323,969	3,248,971
Demand deposits in foreign currencies	33,300,372	38,427,322
Term deposits in VND	141,000	6,253,000
Term deposits in foreign currencies	762,654	5,561,909
Borrowings from other credit institutions		
Borrowings in VND	2,000,000	3,000,000
Borrowings in foreign currencies	5,944,215	14,846,530
	45,472,210	71,337,732

11. Deposits from customers

	30/6/2017 VND million	31/12/2016 VND million
Demand deposits		
Demand deposits in VND	130,191,187	120,440,367
Demand deposits in gold, foreign currencies	42,718,289	39,201,951
Term deposits		
Term deposits in VND	392,985,615	353,302,007
Term deposits in gold, foreign currencies	74,888,144	70,049,875
Deposits for specific purposes	8,890,233	6,227,201
Margin deposits	895,280	1,689,335
	650,568,748	590,910,736

12. Valuable papers issued

	30/6/2017 VND million	31/12/2016 VND million
Certificates of deposits		
Short-term in foreign currencies	170	168
Medium-term in VND	324	324
Medium-term in foreign currencies	3,056	4,931
Bonds and bills		
Short-term in VND	47	47
Short-term in foreign currencies	30	103
Medium-term in VND	6,999,843	3,999,791
Medium-term in foreign currencies	12	12
Long-term in VND	6,000,000	6,000,000
	13,003,482	10,005,376

13. Other liabilities

	30/6/2017 VND million	31/12/2016 VND million
Internal payables	3,638,519	2,012,642
External payables	5,586,233	2,865,944
Bonus and welfare fund	800,553	1,220,578
	10,025,305	6,099,164

14. Obligations to the State Budget

	Balance as at 1/1/2017 VND million	Movement during the period		Balance as at 30/6/2017 VND million
		Incurred VND million	Paid VND million	
Value added tax	27,793	182,089	(176,633)	33,249
Corporate income tax	103,785	991,904	(917,277)	178,412
Other taxes	83,971	350,699	(415,294)	19,376
	215,549	1,524,692	(1,509,204)	231,037

15. Capital and reserves

(a) Statement of changes in equity

	Reserves					Total VND million
	Charter capital VND million	Supplementary charter capital reserve VND million	Financial reserve VND million	Retained profits VND million	Total VND million	
Balance as at 1/1/2017	35,977,686	1,917,929	3,812,328	5,300,415	5,730,257	47,008,358
Net profit for the period	-	-	-	4,064,777	-	4,064,777
Adjustment for previous year's retained profits according to the General Meeting of Shareholders' resolution	-	2	4	(224,072)	6	(224,066)
Utilisation during the period	-	-	(1,839)	-	(1,839)	(1,839)
Other movements	-	-	-	(73)	-	(73)
Balance as at 30/6/2017	35,977,686	1,917,931	3,810,493	9,141,047	5,728,424	50,847,157

15. Capital and reserves (continued)

(b) Details of shareholders of the Bank

	30/6/2017 VND million	31/12/2016 VND million
Ordinary shares		
The State of Vietnam	27,743,534	27,743,534
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	5,396,685	5,396,685
Other shareholders	2,837,467	2,837,467
	35,977,686	35,977,686

The Bank's authorised and issued share capital is as follows:

	30/6/2017 Number of shares	31/12/2016 Number of shares
Authorised share capital	3,597,768,575	3,597,768,575
Issued share capital		
Ordinary shares	3,597,768,575	3,597,768,575
Outstanding shares		
Ordinary shares	3,597,768,575	3,597,768,575

All ordinary shares of the Bank have a par value of VND10,000.

16. Interest and similar income

	Six-month period ended 30/6/2017 VND million	Six-month period ended 30/6/2016 VND million
Interest income from loans to customers	17,260,338	13,785,961
Interest income from deposits	1,055,756	853,475
Interest income from trading and investing in debt securities	3,471,322	3,046,094
- From investment securities	3,436,451	3,012,644
- From trading securities	34,871	33,450
Income from guarantee activities	200,924	181,329
Income from debts trading activities	-	1,667
Other income from credit activities	66,626	29,439
	22,054,966	17,897,965

17. Interest and similar expenses

	Six-month period ended 30/6/2017 VND million	Six-month period ended 30/6/2016 VND million
Interest expenses on deposits	10,402,230	8,151,479
Interest expenses on borrowings	415,051	547,540
Interest expenses on valuable papers issued	444,839	119,340
Others expenses on credit activities	11,596	41,214
	11,273,716	8,859,573

18. Net gain from trading securities

	Six-month period ended 30/6/2017 VND million	Six-month period ended 30/6/2016 VND million
Income from trading securities	242,481	165,866
Expenses for trading securities	(24,129)	(9,043)
	218,352	156,823

19. Net loss from investment securities

	Six-month period ended 30/6/2017 VND million	Six-month period ended 30/6/2016 VND million
Income from trading investment securities	317	7,176
Expenses on trading investment securities	(6,641)	(7,658)
	(6,324)	(482)

20. Income from capital contribution and equity investments

	Six-month period ended 30/6/2017 VND million	Six-month period ended 30/6/2016 VND million
Dividends received from equity investments during the period		
- <i>Dividends received from equity investments</i>	97,211	61,213

21. Operating expenses

	Six-month period ended 30/6/2017 VND million	Six-month period ended 30/6/2016 VND million
Tax, duties and fees	72,933	67,962
Salaries and related expenses	2,571,138	2,120,963
<i>Of which:</i>		
- <i>Salary and allowances</i>	2,409,762	1,973,261
- <i>Additional expenses based on salary</i>	149,922	129,379
- <i>Other allowances</i>	536	395
Expenses on assets	913,720	900,249
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	324,113	320,616
Administrative expenses	2,457,530	1,675,386
Insurance expenses on deposits of customers	211,786	167,969
	6,227,107	4,932,529

22. Cash and cash equivalents

	30/6/2017 VND million	31/12/2016 VND million
Cash on hand, gold, silver and gemstones	10,197,095	9,691,487
Balances with the State Bank of Vietnam	36,549,466	17,382,097
Balances with and loans to other credit institutions with terms of no more than three months	122,699,409	141,873,354
Trading securities	-	3,249,805
Investment securities due within three months	-	5,525,986
	169,445,970	177,722,729

23. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	Six-month period ended 30/6/2017 VND million	Six-month period ended 30/6/2016 VND million
The State Bank of Vietnam	Representative of the owner		
Interest income from deposits at the SBV		52,757	47,191
Interest expenses on deposits and borrowings		(89,051)	(70,870)
The Ministry of Finance ("the MoF")	Regulator		
Interest expenses on deposits from the MoF		(229,865)	(54,748)
Interest expenses on borrowings from the MoF		(14,402)	(12,436)
Vietcombank Financial Leasing Company Limited ("VCBL")	Subsidiary		
Interest income from loans to VCBL		57,001	43,943
Interest expenses on deposits from VCBL		(2,385)	(552)
Income from fee and commission		929	796
Vietcombank Securities Company Limited ("VCBS")	Subsidiary		
Interest expenses on deposits from VCBS		(65)	(125)
Fee and commission expenses		(1,768)	(1,365)
Vietcombank Tower 198 Ltd. ("VCBT")	Subsidiary		
Interest expenses on deposits from VCBT		(5,398)	(2,331)
Office rental expenses		(44,095)	(43,547)
Dividend received from VCBT		-	58,523
Vietnam Finance Company Limited ("Vinafico")	Subsidiary		
Interest income from deposits with Vinafico		2,840	1,435

Remuneration for the Board of Directors and the Supervisory Board did not exceed 0.35% profit after tax of the six-month period ended 30 June 2017 according to Resolution No. 10/TN2017/NQ-DHDCD dated 28 April 2017 of General Meeting of Shareholders.

Remuneration for the Board of Management complied with Salary Regulation of the Bank.

23. Significant transactions and balances with related parties (continued)

(b) Significant balances with related parties

	Relationship	Receivable/(payable) 30/6/2017 VND million	31/12/2016 VND million
The State Bank of Vietnam	Representative of the owner		
Deposits at the SBV		36,549,466	17,382,097
Deposits and borrowings from the SBV		(8,824,558)	(11,399,055)
The Ministry of Finance	Regulator		
Deposits from the MoF		(61,836,714)	(42,752,358)
Borrowings from the MoF		(718,183)	(651,693)
Mizuho Bank Ltd., Japan	Strategic shareholder		
Deposits at Mizuho Bank Ltd., Japan		1,138,495	625,946
Deposits of Mizuho Bank Ltd., Japan		(2,215,575)	(2,287,708)
Vietcombank Financial Leasing Company Limited	Subsidiary		
Loans to VCBL		2,423,998	2,326,645
Deposits from VCBL		(254,166)	(208,972)
Vietcombank Securities Company Limited	Subsidiary		
Deposits from VCBS		(7,635)	(12,625)
Capital increase bonds issued by Vietcombank		(164,168)	-
Vietcombank Tower 198 Ltd.	Subsidiary		
Deposits from VCBT		(540,708)	(544,797)
Office rental fee paid in advance		190,475	234,670
Vietnam Finance Company Limited	Subsidiary		
Deposits with Vinafico		2,390,628	2,260,374
Vietcombank Money Inc. ("VCBM")	Subsidiary		
Deposits from VCBM		(81)	(81)
Vietcombank Fund Management	Joint-venture		
Trusted investment - bonds		1,000,000	1,000,000

24. Segment reporting

Six-month period ended 30/6/2017	The North (*) VND million	The Middle and Central Highland VND million	The South VND million	Elimination VND million	Total VND million
1 Interest and similar income	30,461,548	5,317,539	14,295,335	(28,019,456)	22,054,966
2 Interest and similar expenses	(25,297,943)	(3,857,093)	(10,138,136)	28,019,456	(11,273,716)
I Net interest income	5,163,605	1,460,446	4,157,199	-	10,781,250
3 Fee and commission income	1,259,230	229,685	907,620	-	2,396,535
4 Fee and commission expenses	(1,126,064)	(9,184)	(33,001)	-	(1,168,249)
II Net fee and commission income	133,166	220,501	874,619	-	1,228,286
III Net gain from trading foreign currencies	819,292	36,455	208,495	-	1,064,242
IV Net gain from trading securities	218,352	-	-	-	218,352
V Net loss from investment securities	(6,324)	-	-	-	(6,324)
5 Other income	245,773	162,877	568,531	-	977,181
6 Other expenses	(64,792)	(1,177)	(6,149)	-	(72,118)
VI Net other income	180,981	161,700	562,382	-	905,063
VII Income from capital contribution and equity investments	97,211	-	-	-	97,211
Total operating income	6,606,283	1,879,102	5,802,695	-	14,288,080
VIII Total operating expenses	(4,437,937)	(480,947)	(1,308,223)	-	(6,227,107)
IX Net profit before allowances for credit losses	2,168,346	1,398,155	4,494,472	-	8,060,973
X Allowances for credit losses	(2,074,623)	(243,261)	(686,420)	-	(3,004,304)
XI Profit before tax	93,723	1,154,894	3,808,052	-	5,056,669
7 Current corporate income tax expenses	697	(230,979)	(761,610)	-	(991,892)
XII Corporate income tax expenses	697	(230,979)	(761,610)	-	(991,892)
XIII Profit after tax	94,420	923,915	3,046,442	-	4,064,777

(*): As at 30 June 2017, the Head Office, located in the North, incurred some operating expenses for the whole system which were not allocated to other components within the Bank.

25. Disclosure of financial instruments

(a) Collaterals disclosure

The Bank does not hold collaterals which it is permitted to sell or re-pledge in the absence of default by the owner of the collaterals.

(b) Fair value disclosure

Circular 210 requires the Bank to disclose the measurement method and related information of fair value of financial assets and financial liabilities for the purpose of comparing their book value and fair value.

The following table presents book value and fair value of the Bank's financial assets and liabilities as at 30 June 2017:

25. Disclosure of financial instruments (continued)

(b) Fair value disclosures (continued)

At 30 June 2017

		Carrying amount - gross						Fair value VND million
		Held for trading VND million	Held to maturity VND million	Loans and receivables VND million	Available for sale VND million	Recognised at amortised cost VND million	Total of book value VND million	
Financial assets								
I	Cash on hand, gold, silver and gemstones	-	-	10,197,095	-	-	10,197,095	10,197,095
II	Balances with the State Bank of Vietnam	-	-	36,549,466	-	-	36,549,466	36,549,466
III	Balances with and loans to other credit institutions	-	-	144,864,123	-	-	144,864,123	(*)
IV	Trading securities	5,371,635	-	-	-	-	5,371,635	(*)
V	Derivative financial instruments and other financial assets	405,104	-	-	-	-	405,104	(*)
VI	Loans to customers	-	-	520,627,917	-	-	520,627,917	(*)
VIII	Investment securities	-	89,141,995	-	30,377,031	-	119,519,026	(*)
IX	Other long-term investments	-	-	-	2,829,418	-	2,829,418	(*)
XII	Other financial assets	-	-	8,166,060	-	-	8,166,060	(*)
		5,776,739	89,141,995	720,404,661	33,206,449	-	848,529,844	
Financial liabilities								
I	Amounts due to the Government and SBV and deposits and borrowings from other credit institutions	-	-	-	-	116,133,482	116,133,482	(*)
II	Deposits from customers	-	-	-	-	650,568,748	650,568,748	(*)
IV	Funds for finance, entrusted investment and entrusted loans	-	-	-	-	2,450	2,450	(*)
V	Valuable papers issued	-	-	-	-	13,003,482	13,003,482	(*)
VI	Other financial liabilities	-	-	-	-	7,515,850	7,515,850	(*)
		-	-	-	-	787,224,012	787,224,012	

(*) Due to insufficient information for valuation techniques, fair value of these financial assets and liabilities without an active market is not reliably estimated, and therefore is not disclosed.

25. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments

The Board of Directors has the highest rights and responsibilities for the Bank's financial risk management to facilitate its sustainable growth.

Having taken those responsibilities, the Board of Directors appropriately promulgates risk management policies and strategies for each period, establishes risk limits, directly approves high-value business transactions in accordance with legal and internal requirements for each period, and determines organisational structure and key personnel positions.

Risk management strategies and policies are adhered to the Bank's charter and General Shareholders' Meeting resolution for each period.

The Risk Management Committee was established by the Board of Directors to assist the Board of Directors in managing all risks that may arise from the Bank's day-to-day business operations.

The Asset and Liability Credit and Operational Risk Committee ("ALCO") was established and chaired by the Chief Executive Officer. ALCO members are key personnel of the Bank being in-charge of risk management.

ALCO is responsible for comprehensively monitoring and managing assets and liabilities in the consolidated and separate balance sheet of the Bank in order to maximise profit while minimising losses arising from negative market trends, manage liquidity risk and appropriately direct interest and foreign exchange rate schemes.

Within its authority, ALCO has the rights to make risk management decisions.

(i) Credit risk

The Bank is exposed to credit risk, which is the risk of incurring a loss because its customers or counterparties fail to discharge their contractual obligations. Credit exposures arise mainly in lending activities relating to loans and advances to customers, and in investments in debt securities. Off-balance sheet financial instruments, such as loan commitments, also contain credit risk. The Bank controls and manages credit risk by setting up related policies and procedures, including the credit risk management policies and operational risk management policy by the Risk Management Committee and Credit Committee.

The Bank classifies loans to customers and other credit institutions in accordance with Circular 02 and Circular 09 (Note 2(g)), and regularly assesses credit risks of non-performing loans in order to have appropriate resolutions.

In order to manage credit risks, the Bank has established policies and procedures relating to credit risk management; established credit manuals; performed credit risk assessment; set up internal credit rating systems and loan classification and decentralised authorisation in credit activities.

25. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(i) Credit risks (continued)

The Bank's maximum exposure amounts to credit risk as at the reporting date, excluding collaterals and credit risk mitigations as follows:

At 30 June 2017	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and allowance made VND million	Total VND million
Balances with SBV	36,549,466	-	-	36,549,466
Balances with and loans to other credit institutions - gross				
Balances with other credit institutions	97,269,940	-	-	97,269,940
Loans to other credit institutions	47,546,683	-	47,500	47,594,183
Trading securities	5,371,635	-	-	5,371,635
Loans to customers – gross	506,524,577	1,543,049	12,560,291	520,627,917
Investment securities – gross				
Available-for-sale investment securities	30,377,031	-	-	30,377,031
Held-to-maturity investment securities	89,141,995	-	-	89,141,995
Other assets	8,166,060	-	-	8,166,060
	820,947,387	1,543,049	12,607,791	835,098,227

Types and book value of collaterals held by the Bank as at the reporting date were as follows:

	30/6/2017 VND million	31/12/2016 VND million
Deposits	58,506,502	53,666,664
Valuable papers	75,857,452	71,392,260
Real estates	400,656,862	339,931,848
Others	202,933,085	389,638,755
	737,953,901	854,629,527

25. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will unexpectedly fluctuate due to changes in market interest rates.

The actual interest re-pricing term is the remaining term starting from the date of the separate interim financial statements to the nearest interest re-pricing term of the items in the separate interim balance sheet.

The following assumptions and conditions have been adopted in the analysis of actual interest re-pricing term of asset and liabilities items in the separate interim balance sheet of the Bank:

- Cash, gold, silver and gemstones, long-term investments, and other assets (including fixed assets and other assets) are classified as free of interest items.
- Trading securities are classified as “Up to 1 month” items;
- The actual interest re-pricing terms of trading securities and investments securities are subject to issuers’ terms and conditions on interest rate of issuing institution for each security type;
- The actual interest re-pricing term of balances with and loans to other credit institutions, loans to customers, amounts due to the Government and the State Bank of Vietnam, deposits and borrowings from other credit institutions and deposits from customers are identified as follows:
 - Items with fixed interest rate during the contractual term: the actual interest re-pricing term is based on the contractual maturity date subsequent to the reporting date;
 - Items with floating interest rate: the actual interest re-pricing term is based on the nearest re-pricing term subsequent to the reporting date.
- The actual interest re-pricing term of valuable papers issued is based on valuable papers’ maturities and the Bank’s interest rate for each issuance.

The following table presents the interest rate re-pricing terms of the Bank’s assets and liabilities as at the reporting date:

25. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(ii) Interest rate risk (continued)

At 30 June 2017

	Overdue VND million	Free of interest VND million	Up to 1 month VND million	From 1 to 3 months VND million	From over 3 months to 6 months VND million	From over 6 months to 12 months VND million	From over 1 year to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
I Cash on hand, gold, silver and gemstones	-	10,197,095	-	-	-	-	-	-	10,197,095
II Balances with the State Bank of Vietnam	-	-	36,549,466	-	-	-	-	-	36,549,466
III Balances with and loans to other credit institutions – gross	-	-	125,924,102	4,141,920	2,272,910	12,525,191	-	-	144,864,123
IV Trading securities – gross	-	-	5,371,635	-	-	-	-	-	5,371,635
V Derivative financial instruments and other financial assets	-	-	-	405,104	-	-	-	-	405,104
VI Loans to customers – gross	7,386,682	-	122,598,952	173,703,129	141,664,842	53,421,750	21,248,924	603,638	520,627,917
VII Investment securities – gross	-	-	800,123	3,920,256	6,771,121	3,827,086	75,891,001	28,309,439	119,519,026
VIII Other long-term investments – gross	-	5,375,575	-	-	-	-	-	-	5,375,575
IX Fixed assets	-	5,289,667	-	-	-	-	-	-	5,289,667
X Other assets – gross	-	10,452,328	-	-	-	-	-	-	10,452,328
Total assets	7,386,682	31,314,665	291,244,278	182,170,409	150,708,873	69,774,027	97,139,925	28,913,077	858,651,936
Liabilities									
I Amounts due to the Government and SBV and deposits and borrowings from other credit institutions	-	-	104,639,559	917,613	3,221,864	7,354,446	-	-	116,133,482
II Deposits from customers	-	-	310,052,410	116,527,121	83,618,420	135,950,216	4,420,581	-	650,568,748
IV Funds for finance, entrusted investment and entrusted loans	-	-	-	-	-	-	2,450	-	2,450
V Valuable papers issued	-	-	3,482	-	2,000,000	-	11,000,000	-	13,003,482
VI Other liabilities	-	16,723,556	-	-	-	-	-	-	16,723,556
Total liabilities	-	16,723,556	414,695,451	117,444,734	88,840,284	143,304,662	15,423,031	-	796,431,718
Interest sensitivity gap – on balance sheet	7,386,682	14,591,109	(123,451,173)	64,725,675	61,868,589	(73,530,635)	81,716,894	28,913,077	62,220,218

25. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(ii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam, with VND as its reporting currency. The major currency in which the Bank transacts is VND. The Bank's loans and advances to customers are mainly denominated in VND, USD and EUR. Some of the Bank's other assets are in currencies other than VND, USD and EUR. The Bank has set limits on currency positions based on its internal risk management system and relevant statutory requirements stipulated by the SBV. Currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

The followings are the major exchange rates applied by the Bank at the reporting date:

	Exchange rate as at	
	30/6/2017	31/12/2016
USD/VND	22,431	22,159
EUR/VND	24,923	23,573

The following table presents the Bank's assets and liabilities denominated in foreign currencies that were translated into VND as at the reporting date:

25. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(iii) Currency risk (continued)

At as 30 June 2017

	Assets	VND VND million	USD VND million	EUR VND million	Other currencies VND million	Total VND million
I	Cash on hand, gold, silver and gemstones	8,437,736	1,336,541	159,444	263,374	10,197,095
II	Balances with the State Bank of Vietnam	26,009,715	10,539,751	-	-	36,549,466
III	Balances with and loans to other credit institutions – gross	86,071,249	34,458,515	16,431,990	7,902,369	144,864,123
IV	Trading securities – gross	5,371,635	-	-	-	5,371,635
V	Derivatives and other financial assets	26,440,720	(26,219,317)	18,006	165,695	405,104
VI	Loans to customers – gross	436,226,174	84,203,560	198,183	-	520,627,917
VII	Investment securities – gross	63,441,526	56,077,500	-	-	119,519,026
VIII	Long-term investments – gross	5,375,575	-	-	-	5,375,575
IX	Fixed assets	5,289,667	-	-	-	5,289,667
X	Other assets – gross	9,175,314	1,435,996	(13,747)	(145,235)	10,452,328
	Total assets	671,839,311	161,832,546	16,793,876	8,186,203	858,651,936
	Liabilities					
I	Amounts due to the Government and SBV and deposits and borrowings from other credit institutions	60,097,062	37,199,197	12,941,636	5,895,587	116,133,482
II	Deposits from customers	529,003,710	115,219,092	3,894,363	2,451,583	650,568,748
IV	Funds for finance, entrusted investment and entrusted loans	2,450	-	-	-	2,450
V	Valuable papers issued	13,000,213	3,269	-	-	13,003,482
VI	Other liabilities	12,695,777	3,891,389	36,820	99,570	16,723,556
	Total liabilities	614,799,212	156,312,947	16,872,819	8,446,740	796,431,718
	FX position on balance sheet	57,040,099	5,519,599	(78,943)	(260,537)	62,220,218

25. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(iv) Liquidity risk

Liquidity risk occurs when the Bank fails to fulfil its financial commitments with customers or counterparties due to unavailability of funds or liquidity.

The maturity of assets and liabilities represents the remaining terms of these assets and liabilities from the reporting date to the maturity date according to the underlying contractual agreements or term of issuance.

The following assumptions and conditions have been adopted in the preparation of the Bank's assets and liabilities maturity analysis in the separate interim balance sheet:

- Balances with the SBV are considered as current accounts including the compulsory deposits;
- The maturity of investment securities is based on maturity dates of each securities established by the issuers of these financial instruments;
- The maturities of balances with and loans to other credit institutions and loans to customers are based on the contractual maturity date. The actual maturity may vary from the original contractual term when the contract is extended;
- The maturity of equity investments is considered to be over five years as equity investments have no stated maturity; and
- Deposits and loans from other credit institutions, deposits from customers and valuable papers issued are determined based on either the nature of the loans, deposits from customers and valuable papers issued or their contractual maturities. For example, current accounts of other credit institutions at the Bank and current accounts of the Bank at other credit institutions paid upon customers' demand are considered to be demand deposits, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

The following table analyses the remaining terms to maturity of the Bank's assets and liabilities as at the reporting date:

25. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(iv) Liquidity risk (continued)

As at 30 June 2017

	Overdue over 3 months VND million	Overdue up to 3 months VND million	Not overdue up to 1 month VND million	Not overdue from over 1 month to 3 months VND million	Not overdue from over 3 months to 12 months VND million	Not overdue from over 1 year to 5 years VND million	Not overdue over 5 years VND million	Total VND million
Assets								
I Cash on hand, gold, silver and gemstones	-	-	10,197,095	-	-	-	-	10,197,095
II Balances with the State Bank of Vietnam	-	-	36,549,466	-	-	-	-	36,549,466
III Balances with and loans to other credit institutions – gross	-	-	125,728,414	4,078,151	13,616,164	1,441,394	-	144,864,123
IV Trading securities – gross	-	-	5,371,635	-	-	-	-	5,371,635
V Derivative financial instruments and other financial assets	-	-	-	405,104	-	-	-	405,104
VI Loans to customers – gross	6,021,470	1,365,213	56,881,648	111,587,285	176,796,679	100,883,394	67,092,228	520,627,917
VII Investment securities – gross	-	-	600,123	220,256	5,868,208	81,571,000	31,259,439	119,519,026
VIII Long-term investments – gross	-	-	-	-	-	-	5,375,575	5,375,575
IX Fixed assets	-	-	-	-	-	-	5,289,667	5,289,667
X Other assets – gross	-	-	-	10,452,328	-	-	-	10,452,328
Total assets	6,021,470	1,365,213	235,328,381	126,743,124	196,281,051	183,895,788	109,016,909	858,651,936
Liabilities								
I Amounts due to the Government and SBV and deposits and borrowings from other credit institutions	-	-	103,864,516	921,107	10,608,927	577,827	161,105	116,133,482
II Deposits from customers	-	-	151,035,368	129,930,081	241,880,317	54,582,395	73,140,587	650,568,748
IV Funds for finance, entrusted investment and entrusted loans	-	-	-	-	-	2,450	-	2,450
V Valuable papers issued	-	-	3,482	-	-	7,000,000	6,000,000	13,003,482
VI Other liabilities	-	-	-	16,723,556	-	-	-	16,723,556
Total liabilities	-	-	254,903,366	147,574,744	252,489,244	62,162,672	79,301,692	796,431,718
Net liquidity gap	6,021,470	1,365,213	(19,574,985)	(20,831,620)	(56,208,193)	121,733,116	29,715,217	62,220,218

26. Changes in net profit for the period

The increase in net profit after tax of the Bank for the six-month period ended 30 June 2017 by VND697 billion (equivalent to 20.69%) compared to the six-month period ended 30 June 2016, was mainly due to the increase of profit before tax amounting to approximately VND862 billion (equivalent to 20.56%) which resulted from the changes in the following items:

	Impact	
	Amount VND billion	Percentage on profit before tax %
Items with significant movements		
Increase in interest income from investment securities	424	10.10%
Increase in net fee and commission income	215	5.12%
Increase in income from trading securities	77	1.84%
	716	17.06%

27. Events after the separate interim financial statement date

As at the issuing date of the separate interim financial statements, there are no significant events occurring subsequent to 30 June 2017 that may significantly affect the separate interim financial position of the Bank and require adjustments or disclosures to be made in the separate interim financial statements as at 30 June 2017 and for the six-month period then ended.

28. Seasonal or cyclical factors

The Bank's operation results are not affected by seasonal or cyclical factors except for the following item:

Statutory reserves

The appropriation of the statutory reserves presented in Note 2(q)(iv) and bonus and welfare fund will be made at the end of the annual accounting period.

29. Changes in accounting estimates

There are no significant changes in accounting estimates made by the Bank in preparing and presenting these separate interim financial statements compared to those made in the most recent annual financial statements.

30. Unusual items

There are no significant unusual items identified in preparing and presenting these separate interim financial statements.

31. Changes in the structure of the Bank

There are no changes in the structure of the Bank for the six-month period ended 30 June 2017 compared with those made in the most recent annual separate financial statements.

32. Approval of the separate interim financial statements

The separate interim financial statements were approved by the Board of Management of the Bank on 11 August 2017.

Hanoi, 11 August 2017

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Mr. Nguyen Danh Luong

Deputy Director of
Accounting Policy Department

Chief Accountant

Deputy CEO

