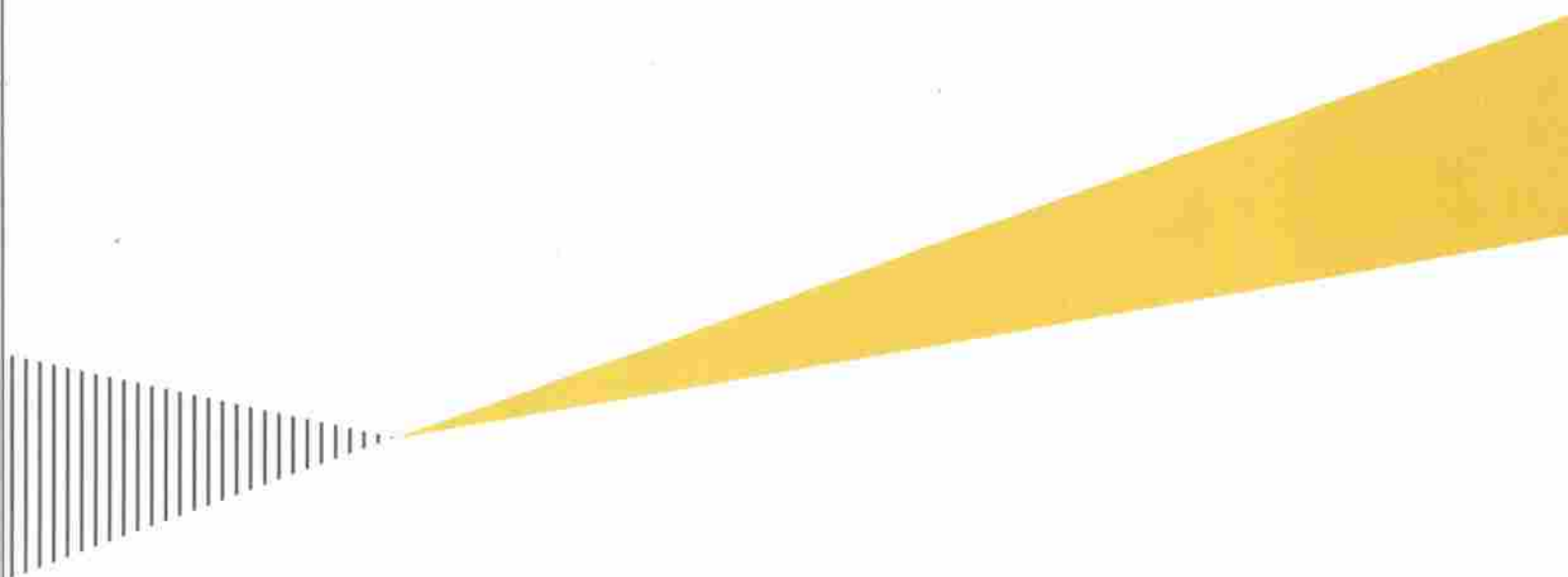


Joint Stock Commercial Bank for Foreign Trade of Vietnam

Interim consolidated financial statements
30 June 2016



Building a better
working world

Joint Stock Commercial Bank for Foreign Trade of Vietnam

GENERAL INFORMATION

Banking Licence for Establishment and Operation No. 138/GP-NHNN dated 23 May 2008 issued by the State Bank of Vietnam ("the SBV") and Decision No. 2719/QĐ-NHNN dated 27 December 2011 promulgated by the Governor of the State Bank of Vietnam on adjusting and supplementing the Bank's operations. The Banking Licence validity is 99 years from the issuance date of the Banking Licence No. 138/GP-NHNN.

Business Registration Certificate Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, Business Registration Certificate No. 0100112437 renewed for the eleventh time on 7 November 2014.

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

Mr. Nghiem Xuan Thanh	Chairman	Appointed on 1 November 2014
Ms. Le Thi Hoa	Member	Reappointed on 25 April 2013
Mr. Nguyen Danh Luong	Member	Reappointed on 25 April 2013
Mr. Yutaka Abe	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

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

Mr. Pham Quang Dung	Chief Executive Officer	Appointed on 1 November 2014
Mr. Dao Minh Tuan	Deputy CEO	Reappointed on 15 June 2012
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
Mr. Yukata Abe	Deputy CEO	Appointed on 30 September 2012
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 Thi Thai	Deputy CEO	Appointed on 1 June 2015

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

Ms. Truong Le Hien	Head of Supervisory 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

GENERAL 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 Director

Authorised signature on financial statements Since 1 November 2014
(According to Letter of Authorisation No. 528/UQ-VCB-TH&CDKT dated 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 auditors Ernst & Young Vietnam Limited

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 interim consolidated financial statements of the Bank and its subsidiaries for the period from 1 January 2016 to 30 June 2016.

The Board of Management's responsibility in respect of the interim consolidated financial statements

The Board of Management is responsible for ensuring that the interim consolidated financial statements of each financial period give a true and fair view of the interim consolidated financial position of the Bank and its subsidiaries, and of the interim consolidated results of their operations and their interim consolidated cash flows for the period. In preparing those interim consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim consolidated financial statements; and
- Prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiaries will continue their business.

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

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

Statement by the Board of Management

The Board of Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Bank and its subsidiaries as at 30 June 2016, and of the interim consolidated results of their operations and their interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements.

For and on behalf of the Board of Management:



Mr. Nguyễn Danh Luong
Deputy CEO

Hanoi, 12 August 2016

Reference: 61039047/18715793/SX-HN

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") and its subsidiaries, as prepared on 12 August 2016 and set out on pages 6 to 61, which comprise the interim consolidated balance sheet as at 30 June 2016, the interim consolidated income statement and the interim consolidated statement of cash flows for the six-month period then ended and the notes thereto.

Management's responsibility

The Bank's management is responsible for the preparation and fair presentation of the interim consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on the interim consolidated 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view of the interim consolidated financial position of the Bank and its subsidiaries as at 30 June 2016, and of the interim consolidated results of their operations and their interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements.

Ernst & Young Vietnam Limited *Kat*



Mr. Trinh Hoang Anh
Deputy General Director
Audit Practicing Registration
Certificate No. 2071-2013-004-1

Ho Chi Minh City, Vietnam

12 August 2016

Joint Stock Commercial Bank for Foreign Trade of Vietnam
INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2016

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

	Notes	30/6/2016 VND million	31/12/2015 VND million
A ASSETS			
I Cash on hand, gold, silver and gemstones		8,230,533	8,519,334
II Balances with the State Bank of Vietnam		19,732,309	19,715,035
III Balances with and loans to other credit institutions		99,792,087	131,527,373
1 Balances with other credit institutions		63,112,388	92,587,537
2 Loans to other credit institutions		36,679,954	38,939,836
3 Allowance for balances with and loans to other credit institutions		(255)	-
IV Trading securities	4	8,796,343	9,925,046
1 Trading securities		8,814,903	9,941,389
2 Allowance for trading securities		(18,560)	(16,343)
V Derivatives and other financial assets		108,759	628
VI Loans to customers		418,764,081	379,113,059
1 Loans to customers	5	427,215,383	387,722,937
2 Allowance for loans to customers	6	(8,451,302)	(8,609,878)
VIII Investment securities	7	105,702,249	107,597,495
1 Available-for-sale securities		40,947,231	42,468,041
2 Held-to-maturity securities		67,193,054	65,818,278
3 Allowance for investment securities		(2,438,036)	(688,824)
IX Long-term investments	8	3,578,774	3,556,750
1 Investments in joint-ventures	8(a)	774,525	753,772
2 Investments in associates	8(b)	10,620	9,349
3 Other long-term investments		2,829,418	2,829,418
4 Allowance for long-term investments		(35,789)	(35,789)
X Fixed assets		4,870,123	5,039,473
1 Tangible fixed assets		3,207,270	3,385,622
a Cost		7,795,669	7,661,735
b Accumulated depreciation		(4,588,399)	(4,276,113)
2 Intangible fixed assets		1,662,853	1,653,851
a Cost		2,236,971	2,211,799
b Accumulated amortization		(574,118)	(557,948)
XII Other assets		9,425,701	9,400,447
1 Receivables		3,696,318	2,953,963
2 Accrued interest and fee receivables		4,299,989	4,849,535
3 Deferred tax assets		2,713	1,943
4 Other assets		1,427,618	1,596,073
5 Allowance for other assets		(937)	(1,067)
TOTAL ASSETS		679,000,959	674,394,640

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2016 (continued)

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

		Notes	30/6/2016 VND million	31/12/2015 VND million
B	LIABILITIES AND SHAREHOLDERS' EQUITY			
I	Amounts due to the Government and the State Bank of Vietnam	9	31,670,701	41,479,553
II	Deposits and borrowings from other credit institutions	10	49,476,949	72,135,381
1	Deposits from other credit institutions		38,600,555	51,743,682
2	Borrowings from other credit institutions		10,876,394	20,391,699
III	Deposits from customers	11	535,648,094	501,162,550
VI	Valuable papers issued	12	2,473,166	2,479,070
VII	Other liabilities		11,156,005	11,965,744
1	Accrued interest and fee payables		4,689,775	4,988,305
2	Deferred tax liabilities		19,379	19,444
3	Other liabilities	13	6,446,851	6,957,995
	TOTAL LIABILITIES		630,424,915	629,222,298
VIII	Capital and reserves			
1	Capital		32,420,681	32,420,681
a	Charter capital		26,650,203	26,650,203
b	Share premium		5,725,318	5,725,318
c	Other capital		45,160	45,160
2	Reserves		4,936,561	4,941,362
3	Foreign exchange differences		78,970	79,969
4	Asset revaluation differences		89,222	89,222
5	Retained profits		10,902,265	7,475,808
a	Previous years' retained profits		7,481,220	3,921,494
b	Current year's retained profits		3,421,045	3,554,314
6	Non-controlling interest		148,345	165,300
	TOTAL SHAREHOLDERS' EQUITY	14(a)	48,576,044	45,172,342
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		679,000,959	674,394,640

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2016 (continued)

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

	Notes	30/6/2016 VND million	31/12/2015 VND million
NO	OFF-BALANCE SHEET ITEMS		
1	Credit guarantees	62,493	74,143
2	Foreign exchange commitments	15,148,240	19,757,401
a	Forward buying	7,000,648	8,852,550
b	Forward selling	8,147,592	10,904,851
3	Letters of credit	35,154,305	30,826,079
4	Other guarantees	31,394,574	27,283,715
5	Other commitments	48,099	26,797
		81,807,711	77,968,135

Hanoi, 12 August 2016

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 interim consolidated financial statements

Joint Stock Commercial Bank for Foreign Trade of Vietnam
INTERIM CONSOLIDATED INCOME STATEMENT
 for the period from 1 January 2016 to 30 June 2016

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

		Notes	Quarter II		Cumulative year-to-date	
			Current year	Previous year	Current year	Previous year
			VND million	VND million	VND million	VND million
1	Interest and similar income	16	9,227,108	7,485,439	18,033,336	14,871,422
2	Interest and similar expenses	17	(4,602,441)	(3,916,608)	(8,875,904)	(7,806,320)
I	Net interest income		4,624,667	3,568,831	9,157,432	7,065,102
3	Fee and commission income		1,042,851	992,196	1,997,726	1,676,497
4	Fee and commission expenses		(521,684)	(377,303)	(937,588)	(724,027)
II	Net fee and commission income		521,167	614,893	1,060,138	952,470
III	Net gain from trading foreign currencies		474,279	408,545	1,038,228	879,755
IV	Net gain from trading securities	18	141,513	37,584	181,967	133,852
V	Net gain/(loss) from investment securities	19	(111)	50,770	(482)	94,593
5	Other income		587,259	424,368	944,364	628,327
6	Other expenses		(55,202)	(8,008)	(126,636)	(17,592)
VI	Net other income		532,057	416,360	817,728	610,735
VII	Income from equity investments	20	15,439	7,202	25,963	7,732
TOTAL OPERATING INCOME			6,309,011	5,104,185	12,280,974	9,744,239
VIII	TOTAL OPERATING EXPENSES	21	(2,630,525)	(1,580,040)	(4,997,879)	(3,247,058)
IX	Net profit before allowances for credit losses		3,678,486	3,524,145	7,283,095	6,497,181
X	Allowances for credit losses		(1,698,322)	(1,829,132)	(3,003,520)	(3,346,396)
XI	PROFIT BEFORE TAX		1,980,164	1,695,013	4,279,575	3,150,785

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
INTERIM CONSOLIDATED INCOME STATEMENT

for the period from 1 January 2016 to 30 June 2016 (continued)

Form B03a/TCTD-HN

 (Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the
Governor of the SBV)

	Notes	Quarter II		Cumulative year-to-date	
		Current year	Previous year	Current year	Previous year
		VND million	VND million	VND million	VND million
7	Current Corporate Income Tax expenses	(391,821)	(370,339)	(851,182)	(691,499)
8	Deferred Corporate Income Tax expenses	(161)	-	771	-
XII	Corporate Income Tax expenses	(391,982)	(370,339)	(850,411)	(691,499)
XIII	PROFIT AFTER TAX	1,588,182	1,324,674	3,429,164	2,459,286
XIV	Non-controlling interest	(3,824)	(3,602)	(8,120)	(6,685)
XVI	Net profit for the period	1,584,359	1,321,072	3,421,044	2,452,601
XV	Basic earnings per share (VND)	595	496	1,284	923

Hanoi, 12 August 2016

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 interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
for the period from 1 January 2016 to 30 June 2016

*(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014 of the
Governor of the SBV)*

	Notes	Period from 1/1/2016 to 30/6/2016 VND million	Period from 1/1/2015 to 30/6/2015 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
1	Interest and similar receipts	18,584,767	15,222,501
2	Interest and similar payments	(9,172,769)	(8,504,622)
3	Fee and commission income receipts	1,060,139	952,470
4	Net receipt/(payment) from trading activities (foreign currencies, gold, silver, securities)	1,355,893	955,838
5	Net other receipts	41,642	48,527
6	Net other payments	(125,460)	(17,343)
7	Receipts from recovery of bad debts previously written off	901,393	578,437
8	Payments to employees and for other operating activities	(4,217,098)	(3,262,876)
9	Income tax paid during the period	(641,732)	(677,507)
Net cash flows from operating activities before changes in operating assets and working capital		7,786,775	5,295,425
(Increase)/ Decrease in operating assets			
10	Balances with and loans to other credit institutions	(1,263,712)	1,509,781
11	Trading securities	1,539,168	(27,443,205)
12	Derivatives and other financial assets	(108,131)	-
13	Loans to customers	(40,063,678)	(17,404,411)
14	Utilization of allowance for loans to customers	(1,412,454)	(2,243,160)
15	Other operating assets	(15,412)	(432,627)
Increase/ (Decrease) in operating liabilities			
16	Amounts due to the Government and the SBV	(9,808,852)	(46,300,508)
17	Deposits and borrowings from other credit institutions	(22,658,432)	5,333,568
18	Deposits from customers	35,119,827	37,422,497
19	Valuable papers issued	(5,904)	293,000
20	Derivatives and other financial liabilities	-	53,655
21	Other operating liabilities	(1,276,317)	1,770,261
22	Payments from reserves	(690,346)	(376,661)
I	Net cash flows used in operating activities	(32,857,468)	(42,522,385)

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

	Notes	Period from 1/1/2016 to 30/6/2016 VND million	Period from 1/1/2015 to 30/6/2015 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
1	Payments for purchases of fixed assets	(159,105)	(191,455)
2	Proceeds from disposals of fixed assets	1,329	1,363
3	Payments for disposals of fixed assets	(1,175)	(248)
4	Proceeds from investments in other entities	-	12,100
5	Dividends and interest received from long-term investments in the period	5,674	18,467
6	Dividends of prior year received in the period	7,123	3,562
II	Net cash flows used in investing activities	(146,154)	(156,211)
CASH FLOWS FROM FINANCIAL ACTIVITIES			
III	Net cash flows from financial activities	-	-
IV	Net cash flows during the period	(33,003,622)	(42,678,596)
V	Cash and cash equivalents at the beginning of the period	22 164,412,853	175,012,996
VI	Cash and cash equivalents at the end of the period	22 131,409,231	132,334,400

Hanoi, 12 August 2016

Prepared by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Approved by:

Mr. Nguyen Danh Luong

*Deputy Director of
Accounting Policy Department*

Chief Accountant

Deputy CEO



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

1. Reporting entity

(a) Establishment and operation

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 equitization plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Banking Licence No. 138/GP-NHNN dated 23 May 2008 by the State Bank of Vietnam ("SBV") for a period of 99 years and Business Registration Certificate No. 0103024468 dated 2 June 2008 by Hanoi Authority for Planning and Investment, Business Registration Certificate No. 0100112437 renewed for the eleventh time on 7 November 2014.

The principal activities of the Bank in accordance with Decision No. 2719/QD-NHNN dated 27 December 2011 supplementing Banking Licence No. 138/GP-NHNN on the Bank's operations are to mobilize and receive short, medium and long-term deposits from organizations and individuals; to lend to organizations and individuals up to the nature and capability of the Bank's capital resources; to conduct settlement and cash services; to provide other banking services as approved by the SBV; to invest in associates, joint-ventures and other companies; to invest in stocks and bonds; and to trade in foreign exchange and real-estate business in accordance with the relevant regulations.

(b) Charter capital

Under Banking 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 No. 0100112437, renewed for the eleventh time on 7 November 2014, the Bank's charter capital was VND26,650,203,340,000. The face value per share is VND10,000.

	30/6/2016		31/12/2015	
	Number of shares	%	Number of shares	%
Shares owned by the State of Vietnam	2,055,076,583	77.10%	2,055,076,583	77.10%
Shares owned by the foreign strategic shareholder (Mizuho Bank Ltd., Japan)	399,754,446	15.00%	399,754,446	15.00%
Shares owned by other shareholders	210,189,305	7.90%	210,189,305	7.90%
	2,665,020,334	100%	2,665,020,334	100%

1. Reporting entity (continued)

(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 2016, the Bank had one (1) Head Office, one (1) Operation Centre, one (1) Training Centre and ninety six (96) 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.

The Bank and its subsidiaries hereinafter are referred to as "Vietcombank".

(d) Subsidiaries, joint-ventures and associates

Subsidiaries

Subsidiaries	Operating Licence	Business sector	% direct shareholding by the Bank
Vietcombank Financial Leasing Company Limited ("VCB Leasing")	Business Licence No. 05/GP-CTCTTC dated May 25, 1998 issued by the State Bank of Vietnam.	Financial leasing	100%
Vietcombank Securities Company Limited ("VCB Securities")	Business Licence No. 09/GPHDKD dated April 24, 2002 Last amendment in accordance with license No. 25/GPDC-UBCK dated June 11, 2013 issued by the State Securities Commission.	Securities	100%
Vietcombank Tower 198 Company Limited ("VCB Tower")	Business Licence No. 1578/GP dated May 30, 1996 and No. 1578/ GPDC1 dated April 18, 2006 issued by the Ministry of Planning and Investment.	Office leasing	70%
Vietnam Finance Company Limited ("Vinafico")	Business license No. 0226 issued by Hong Kong Monetary Authority dated March 07, 1978. First amendment dated November 03, 1992, second amendment dated September 19, 1995.	Financial services	100%
Vietcombank Money Incorporation	Business licence No. E0321392009-6 issued by the Authority of Nevada State Government dated June 15, 2009.	Remittance services	87.5%

1. Reporting entity (continued)

(d) Subsidiaries, joint-ventures and associates (continued)

Joint-ventures

Joint-ventures	Operating Licence	Business sector	% direct shareholding by the Bank
Vietcombank - Bonday - Ben Thanh Company Limited	Business licence No. 2458/GP issued by the Ministry of Planning and Investment on February 07, 2005 with Amendment No. 2458/GCND1/41/1 dated October 26, 2011 and Amendment No. 2458/GC-NDC2/41/1 dated December 28, 2012	Office leasing	52%
Vietcombank Fund Management	Business licence No. 06/UBCK-GPHDQLQ issued by State Securities Commission dated December 02, 2005; last amendment No. 17/GPDC-UBCK dated August 06, 2015	Fund management	51%
Vietcombank - Cardif Life Insurance Company Limited	Business licence No. 55/GP issued by Ministry of Finance dated October 23, 2008	Life insurance	45%

Associates

Associate	Operating Licence	Business sector	% direct shareholding by the Bank
Vietcombank Bonday Limited	Business licence No. 283/GP issued by the Ministry of Planning and Investment dated December 05, 1991; last amendment No.283/GPDC3 dated October 02, 2000	Office leasing	16%

(e) Number of employees

As at 30 June 2016, Vietcombank has 14,930 employees (31 December 2015: 14,755 employees).

2. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

The interim consolidated financial statements, presented in Vietnam Dong ("VND") and rounded to the nearest million ("VND million"), have been prepared in accordance with Vietnamese Accounting Standards No.27 – Interim financial statements and other Vietnamese accountings standards, Vietnamese Accounting System for Credit Institutions and the statutory regulations relevant to the preparation and presentation of interim consolidated financial statements. The Bank also prepares the interim separate financial statements for the period from 1 January 2016 to 30 June 2016.

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

(b) Changes in accounting policies and notes to financial statements

The accounting policies that the Bank applied to prepare the interim consolidated financial statements were consistent with the policies that have been used to prepare the consolidated financial statements for the fiscal year ended 31 December 2015 and for the period from 1 January 2015 to 30 June 2015, except for the changes in accounting policies and notes related to the following transactions:

i) Recognition of the differences upon foreign currency revaluation in income statement

During the period, Vietcombank recorded the differences upon foreign currency revaluation at the date of preparing the financial statements instead of recording these differences in income statement at the end of fiscal year. The purpose of this change is to ensure the financial statements reflect more accurately the results of Vietcombank's operations during the interim period.

This change in accounting policy does not have material impact on the perspectives of financial statements' users in the period from 1 January 2016 to 30 June 2016, as well as the results of Vietcombank's operations in fiscal year 2015. Hence, Vietcombank does not restate the opening balances related to this change of accounting policy.

ii) Changes in accounting policies at Vietcombank Securities limited company ("VCBS")

On 30 December 2014, the Ministry of Finance issued Circular No. 210/2014/TT-BTC providing guidance on accounting policies applicable to securities companies. This Circular replaces Circular No. 95/2008/TT-BTC dated 24 October 2008 of the Ministry of Finance providing guidance on accounting policies applicable to securities companies and Circular No. 162/2010/TT-BTC dated 20 October 2010 amending and supplementing Circular No. 95/2008/TT-BTC. Circular 210 is applicable to fiscal year beginning on or after 1 January 2016. Circular 210 prescribes contents concerning accounting vouchers, system of accounting accounts as well as method of preparing and presenting the financial statements of securities companies. To conform to the presentation requirements of Circular 210, Vietcombank has restated the comparative figures of certain indicators in the interim consolidated financial statements that have been materially impacted by the application of Circular 210 to VCBS, as disclosed in Note 29.

2. Summary of significant accounting policies (continued)

(c) Fiscal year

Vietcombank's fiscal year is from 1 January to 31 December. The interim consolidated financial statements are prepared for the period from 1 January 2016 to 30 June 2016.

(d) Foreign currency transactions

According to Vietcombank's accounting system, all transactions are recorded in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are converted into VND at the exchange rates prevailing at the interim consolidated balance sheet date. 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 interim consolidated income statement at the spot exchange rates as at the dates of transactions.

Foreign exchange differences from revaluation of foreign currency trading activities at the end of period are recorded in the interim consolidated income statement.

To consolidate subsidiaries and use equity method for associates and joint-ventures which have accounting currencies other than VND; assets, liabilities and equity accounts of these companies are converted into VND at the exchange rate at the interim consolidated balance sheet date, and the income statements are converted at the average exchange rate for the period. The exchange differences arising from the conversion are taken into equity in the interim consolidated balance sheet.

2. Summary of significant accounting policies (continued)

(e) Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. The control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the interim consolidated financial statements from the date that the control commences until the date that the control ceases.

Inter-company balances, transactions and profit/loss on transactions between those companies and the Bank are eliminated in full in the interim consolidated financial statements. The accounting policies of subsidiaries have been changed if necessary to ensure the consistency with the policies adopted by the Bank.

Non-controlling interest is the portion of the profit or loss and net assets of a subsidiary attributable to equity interest that are not owned, directly or indirectly through subsidiaries, by the Bank.

(ii) Associates and joint-ventures

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

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.

Vietcombank uses the equity method for consolidating its investments in associates and joint ventures in the interim consolidated financial statements. Vietcombank's share of its associates and joint-ventures' post acquisition profits or losses is recognized in the interim consolidated income statement. When Vietcombank's share of losses in associates and joint-ventures equals or exceeds the cost of its investments in the associates and joint-ventures, Vietcombank does not recognize further losses in its interim consolidated financial statements, unless it has obligations to pay on behalf of the associates and joint-ventures. Accounting policies of associates and joint-ventures have been changed where necessary to ensure consistency with the policies adopted by Vietcombank.

(f) 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 the placement, securities with original maturity not exceeding three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

2. Summary of significant accounting policies (continued)

(g) Loans to customers

(i) Loans to customers

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

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

(ii) Specific allowance for credit risk

In accordance with Circular 02/2013/TT-NHNN ("Circular 02") dated 21 January 2013 on classification of assets, levels and method of setting up of risk provisions, and use of provisions against credit risks in the banking activity of credit institutions, foreign banks' branches and Circular 09/2014/TT-NHNN ("Circular 09") dated 18 March 2014 on amending and supplementing a number of articles of Circular 02, specific allowance for credit risk is calculated based on loan classification and corresponding allowance rates against principal outstanding as at 30 June less discounted value of collateral as follows:

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

Since 1 January 2010, Vietcombank has applied Article 7, Decision 493/2005/QĐ-NHNN to make loan classification as approved by the SBV. However, according to Circular 02, Vietcombank is required to classify loans to customers and off-balance sheet commitments in accordance with both Article 10 and Clause 1 of Article 11, Circular 02 for a period of 3 years starting from 1 June 2014. In that case, should classifications of a loan in accordance with Article 10 and Clause 1 of Article 11, Circular 02 differ, the loan is to be classified into the group of higher risk.

Sine 1 January 2015, credit institutions, foreign banks' branches must to use the updated information from Credit Information Centre (CIC) about the loan group of customers at the time of loan classification to adjust the loan group, off-balance sheet items.

(iii) General allowance for credit risk

Vietcombank 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, Vietcombank 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.

2. Summary of significant accounting policies (continued)**(g) Loans to customers (continued)****(v) Bad debts sold to Vietnam Asset Management Company**

Vietcombank sold bad debts at their book value to Vietnam Asset Management Company ("VAMC") in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on "Establishment, organization and operation of Vietnam Asset Management Company", Circular No. 19/2013/TT-NHNN which was effective from 15 September 2013 on "Purchase, sale and handling of bad debts of Vietnam Asset Management Company", Official Letter No. 8499/NHNN-TCKT on "Guidance on accounting for bad debt purchase and sale between VAMC and credit institutions", and other related adjustments and amendments to this regulation. Accordingly, the selling price is the outstanding balance of a bad debt minus its unused specific allowance.

For the sale of bad debts in exchange for VAMC bonds, upon completing relevant procedures, Vietcombank will derecognize both the outstanding principal and specific allowance of the sold debt and recognize the face value of VAMC special bonds, which equals to the outstanding balance of the sold debt less its unused specific allowance. Upon receiving the sold debts back from VAMC, Vietcombank will use the allowance made annually for VAMC special bonds to write off such bad debts. Difference between the allowances made for VAMC bonds and the uncollected outstanding balance of debts/bonds will be recognized as "Other income" in the interim consolidated income statement.

(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 gain profit on changes in price.

Trading securities are initially recognized 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 recognized in the interim consolidated income statement.

(ii) Investment securities

Investment securities are classified into two categories: available-for-sale and held-to-maturity securities. Vietcombank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, Vietcombank is allowed to reclassify investment securities no more than once 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. Regarding equity securities, Vietcombank 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 Vietcombank's management has the positive intention and ability to hold until maturity.

2. Summary of significant accounting policies (continued)

(h) Investments (continued)

(ii) Investment securities (continued)

Held-to-maturity investment securities (continued)

Investment securities are initially recognized at cost of acquisition, including transaction costs and other directly attributable costs. They are subsequently measured at the lower of the book value after amortization and the market value. Premiums and discounts arising from purchases of debt securities are amortized in the interim consolidated income statement 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 must be subject to classification and allowance in a manner similar to loans to customers presented in Note 2(g).

Special bonds issued by VAMC

Special bonds issued by VAMC are fixed-term valuable papers used to purchase bad debts of Vietcombank. The special bonds are initially recognized at face value at the date of transaction and subsequently carried at face value during the holding period. The face value of the bonds equals the outstanding balance of the sold debts less their unused specific allowance.

Special bonds will mature in one of the following cases:

- The allowance made for special bonds is not less than the book value of relevant bad debts recorded in the accounting books of VAMC, including the following cases:
 - VAMC sells the bad debts to organizations, individuals, including the case of re-selling debts to credit institutions it previously purchased the debts from using special bonds at market price or negotiated price;
 - VAMC converts the debts into charter capital of the corporate borrowers.
- Special bonds are expired.

In accordance with Circular No. 14/2015/TT-NHNN, within 5 working days before the maturity date of special bonds, the Bank shall make a minimum specific provision for each special bond, calculated based on the maturity of special bonds, bad debt repayment up to the date of provision calculation and face value of special bonds.

Specific provision for each special bond is recognized in the interim consolidated income statement in "Allowances for credit losses".

2. Summary of significant accounting policies (continued)

(h) Investments (continued)

(iii) 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.

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 recognized at cost. They are subsequently measured at the lower of the carrying value and the market value.

The allowance for diminution in the value of long-term investments is made if the economic entity in which Vietcombank 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. 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 Vietcombank to the total actual capital of the economic entity. For an investment in listed shares or shares which fair value can be determined reliably, provision is made based on the shares' market value (similar to provision 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 recognized in the interim consolidated financial statements. The corresponding cash received from these agreements is recognized in the interim consolidated balance sheet as a liability. The difference between the sale price and repurchase price is amortized in the interim consolidated income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

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

2. Summary of significant accounting policies (continued)

(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, and the cost of dismantling and removing the asset and restoring the site on which it is located.

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC guiding the framework of management, use and depreciation of fixed assets. According to this circular, 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 (thirty million VND).

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 interim consolidated income statement 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 capitalized 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:

- | | |
|--|-------------|
| • Premises | 25 years |
| • Office furniture, fittings and equipment | 3 - 5 years |
| • Motor vehicles | 6 years |
| • Others | 4 years |

(k) Intangible fixed assets

(i) Land use rights

According to Circular No. 45/2013/TT-BTC dated 25 April 2013 by the Ministry of Finance, intangible fixed assets recognized 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 term and non-term 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.

2. Summary of significant accounting policies (continued)

(k) Intangible fixed assets (continued)

(i) Land use rights (continued)

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 leveling, registration fee (excluding costs of construction on that land) or the value of land use rights with contributed capital.

Land use rights not recognized 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 amortized into the business costs by the number of lease years;
- Land lease rent paid annually, the rent is recorded into the business costs in the period in proportion to the rent annually paid.

According to Circular No. 45/2013/TT-BTC, 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 amortized.

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 Vietcombank.

(ii) Other intangible fixed assets

Copyrights, patents and other intangible fixed assets are amortized on a straight-line basis over 4 years.

2. Summary of significant accounting policies (continued)

(l) Deposits from customers

Deposits from customers are stated at cost.

(m) Valuable papers issued

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

(n) Severance allowance

Under the Vietnamese Labor Code, when employees who have worked for the Bank and its subsidiaries in Vietnam for 12 months or more ("eligible employees") voluntarily terminate their labor contracts, the employer is required to pay the eligible employees severance allowance calculated based on years of service up to 2008 and employees' compensation within their last 6 working months. In accordance with Circular No. 180/2012/TT-BTC dated 24 October 2012, the Bank and its subsidiaries in Vietnam make severance allowance and record as operating expenses in the period.

(o) Capital and reserves

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognized 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 Vietcombank repurchases its own issued shares, the total paid amount which includes directly attributable costs, net off any tax effects, is recognized 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.

2. Summary of significant accounting policies (continued)

(o) Capital and reserves (continued)

(iv) Reserves (continued)

The appropriation to reserves is made in accordance with the resolutions of the Annual General Shareholders' Meeting and relevant statutory requirements.

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

Vietcombank Securities Company Limited appropriates of profits to reserves in accordance with Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014.

(p) Income and expenses

(i) Interest income and interest expenses

Interest income of outstanding loans classified in Group 1 (as defined in Note 2(g)) is recognized on an accrual basis. Interest on loans classified in Group 2 to Group 5 is recognized in the interim consolidated income statement upon receipt.

Interest expenses are recorded on an accrual basis.

(ii) Fees, commissions and dividend income

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

(iii) Stock dividends

In accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014, dividends and other distribution received in the form of bonus shares and stock dividends and amounts distributed in the form of shares coming from profits of joint stock companies, are not recorded in the interim consolidated financial statements. Instead, the additional shares obtained are reflected in the number of shares held by Vietcombank.

(iv) Uncollectible income

According to Circular No. 05/2013/TT-BTC dated 9 January 2013, income receivables that are recognized 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, Vietcombank will record it as an operating income.

2. Summary of significant accounting policies (continued)

(q) Lease

(i) Lessee

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

(ii) Lessor

Vietcombank recognizes finance leased assets as loans to customers in the interim consolidated balance sheet at the net value of the investment defined in the lease contract. Income from finance leases are recognized as financial income from investments of capital and services for leasing assets. Instalment income is amortized over the lease term using fixed interest rate over the net investment of the leased assets.

Vietcombank recognizes operating lease assets in the interim consolidated balance sheet. Rental income is recognized on a straight-line basis over the lease term, regardless of the payment method. Expenses occurred during the leasing period, including depreciation expenses are recognized as operating expenses for the period.

(r) Taxation

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, 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 realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

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

(s) Related parties

Related parties of the Vietcombank include:

- The parent company of Vietcombank;
- Vietcombank's subsidiaries;
- The party that has the same parent company or credit institution with Vietcombank;
- Managers or members of the Supervisory Board of the parent company of Vietcombank;

2. Summary of significant accounting policies (continued)**(s) Related parties (continued)**

- Individuals or organizations which have the authority to appoint managers or members of the Supervisory Board of the parent company of Vietcombank;
- Managers or members of the Supervisory Board of Vietcombank;
- Companies or organizations which have the authority to appoint managers, or members of the Supervisory Board of Vietcombank;
- 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 Vietcombank;
- Individuals or organizations that hold at least 5% of charter capital or share capital with voting rights of Vietcombank;
- Representatives for Vietcombank's paid-in capital and shares.

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

(t) Segment reporting

A segment is a distinguishable component of Vietcombank 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. Vietcombank's primary format for segment reporting is based on geographical segments. Vietcombank's secondary format for segment reporting is based on business segments.

(u) Off-balance sheet items**(i) Foreign exchange contracts**

Vietcombank 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 Vietcombank's business purpose.

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate and cash settlement. Forward contracts are recorded at nominal values at transaction dates, and are subsequently revaluated at the end of the accounting period. The difference on revaluation is recognized under "Foreign exchange differences" in the equity section and is recorded in the consolidated income statement at the end of the fiscal year (see Note 2(d)).

Swap contracts are commitments to settle in cash at a future date, based on differences between specified exchange rates, calculated on the notional principal amount. Swap contracts are subsequently revaluated at the end of the accounting period, and the difference on revaluation is recognized under "Foreign exchange differences" in the equity section and is recorded in the consolidated income statement at the end of the fiscal year (see Note 2(d)).

2. Summary of significant accounting policies (continued)

(u) Off-balance sheet item (continued)

(ii) Commitments and contingent liabilities

Vietcombank has credit commitments arising from its regular lending activities. These commitments are unutilized loans and overdraft facilities which are approved. Vietcombank 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, Vietcombank shall classify commitments and contingent liabilities into 5 groups, similarly to loans to customers, for management purposes (see Note 2 (g)).

(v) Other receivables

Vietcombank has provided provision for overdue receivables which are not classified as assets with credit risks in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Accordingly, receivables are subject to review for impairment based on their overdue age or estimated loss arising from undue debts of which the indebted economic organizations fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or on trial by law enforcement bodies, are serving sentences or have deceased, etc.

<i>Overdue age</i>	<i>Provision rate</i>
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 receivables that are classified as assets with credit risks, the Bank conducts classification and makes provisions similarly to those of loans to customers (see Note 2(g)).

(w) Offsetting

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

(x) Earnings per share

Vietcombank presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of Vietcombank by the weighted average number of ordinary shares outstanding during the period.

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

During its business operation, Vietcombank regularly enters contracts which give rise to financial assets, financial liabilities and equity instruments.

Financial assets of Vietcombank 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 Vietcombank 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 interim consolidated financial statements, Vietcombank appropriately classifies financial assets and financial liabilities in accordance with Circular No. 210/2009/TT-BTC.

Financial assets are classified as follows:

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

Financial liabilities are classified as follows:

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

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

(b) Recognition

Financial assets and financial liabilities are recognized in the interim consolidated balance sheet when, and only when, Vietcombank becomes a party to contractual provisions for the supply of those financial instruments. Vietcombank recognizes a financial asset or financial liability at the date when the contract is effective (trade date accounting).

(c) Derecognition

A financial asset is derecognized when, and only when, Vietcombank'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 derecognized 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 No. 210/2009/TT-BTC, Vietcombank 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 Vietcombank are still recognized and recorded in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, the requirements stipulated by the State Bank of Vietnam and with other statutory regulations 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, Vietcombank 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, Vietcombank 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 Vietcombank, 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 utilize 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

	30/6/2016 VND million	31/12/2015 VND million
Debt securities		
Government securities	6,290,588	5,774,953
Securities issued by other credit institutions	2,111,205	3,494,546
Securities issued by local economic entities	-	300,000
Equity securities		
Equity securities issued by other credit institutions	6,087	19,261
Equity securities issued by local economic entities	407,023	352,629
	8,814,903	9,941,389
Allowance for diminution in the value of trading securities	(18,560)	(16,343)
	8,796,343	9,925,046

Trading securities by listing status were as follows:

	30/6/2016 VND million	31/12/2015 VND million
Debt securities	8,401,793	9,569,499
Listed	8,401,793	9,269,499
Unlisted	-	300,000
Equity securities	413,110	371,890
Listed	207,460	309,504
Unlisted	205,650	62,386
	8,814,903	9,941,389

Movements in allowance for trading securities were as follows:

	Period from 1/1/2016 to 30/6/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	16,343	4,449
Allowance made during the period	2,217	11,894
Closing balance	18,560	16,343

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Issued in accordance with Circular No. 49/2014/TT-NHNN dated 31 December 2014 of the Governor of the SBV)

for the period from 1 January 2016 to 30 June 2016 (continued)

5. Loans to customers

	30/6/2016	31/12/2015
	VND million	VND million
Loans to local economic entities and individuals	422,159,488	383,060,589
Discounted bills and valuable papers	2,470,646	2,108,083
Finance leases	2,542,722	2,499,785
Loans given to make payments on behalf of customers	36,473	46,215
Loans to foreign individuals and enterprises	6,054	8,265
	427,215,383	387,722,937

Loan portfolio by quality was as follows:

	30/6/2016	31/12/2015
	VND million	VND million
Current	412,295,587	371,208,595
Special mentioned	7,449,685	9,377,079
Sub-standard	583,002	796,645
Doubtful	2,211,080	750,489
Loss	4,676,029	5,590,129
	427,215,383	387,722,937

Loan portfolio by term was as follows:

	30/6/2016	31/12/2015
	VND million	VND million
Short-term	248,021,549	230,755,013
Medium-term	49,101,322	43,842,359
Long-term	130,092,512	113,125,565
	427,215,383	387,722,937

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6. Allowance for loans to customers

	30/6/2016 VND million	31/12/2015 VND million
General allowance	3,169,177	2,706,385
Specific allowance	5,282,125	5,903,493
	8,451,302	8,609,878

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

	Period from 1/1/2016 to 30/6/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	2,706,385	2,259,976
Allowance made during the period	462,792	440,784
Foreign exchange difference	-	5,625
Closing balance	3,169,177	2,706,385

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

	Period from 1/1/2016 to 30/6/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	5,903,493	4,824,395
Allowance made during the period	780,946	5,109,836
Allowance utilized for writing-off bad debts	(1,402,141)	(3,411,042)
Allowance utilized for bad debts sold to VAMC	-	(620,575)
Foreign exchange differences	(173)	879
Closing balance	5,282,125	5,903,493

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7. Investment securities

(a) Available-for-sale securities

	30/6/2016 VND million	31/12/2015 VND million
Debt securities		
Government bonds	27,848,285	32,178,596
Treasury bills, SBV bills	3,006,300	-
Securities issued by other local credit institutions	9,992,646	10,189,445
Securities issued by local economic entities	100,000	100,000
	40,947,231	42,468,041
Allowance for available-for-sale securities	(18,150)	(18,150)
	40,929,081	42,449,891

(b) Held-to-maturity securities

	30/6/2016 VND million	31/12/2015 VND million
Government bonds	49,956,552	51,564,369
Debt securities issued by local credit institutions	100,189	100,347
Debt securities issued by local economic entities (excluding special bonds issued by VAMC)	13,623,069	10,588,751
Special bonds issued by VAMC	3,513,244	3,564,811
	67,193,054	65,818,278
Allowance for held-to-maturity securities	(2,419,886)	(670,674)
	64,773,168	65,147,604

(c) Classification of unlisted securities considered as assets bearing credit risks

	30/6/2016 VND million	31/12/2015 VND million
Current	15,943,069	12,908,751
	15,943,069	12,908,751

8. Long-term investments

(a) Investments in joint-ventures

As at 30 June 2016

	Business sector	% Share- holding	Cost VND million	Carrying value VND million
Vietcombank – Bonday – Ben Thanh Company Limited	Office leasing	52%	410,365	365,430
Vietcombank Fund Management	Investment fund management	51%	135,150	131,628
Vietcombank – Cardif Life Insurance Company Limited	Life insurance	45%	270,000	277,467
			815,515	774,525

As at 31 December 2015

	Business sector	% Share- holding	Cost VND million	Carrying value VND million
Vietcombank – Bonday – Ben Thanh Company Limited	Office leasing	52%	410,365	342,641
Vietcombank Fund Management	Investment fund management	51%	135,150	131,484
Vietcombank – Cardif Life Insurance Company Limited	Life insurance	45%	270,000	279,647
			815,515	753,772

The Bank owns 52% and 51% of the total capital of Vietcombank – Bonday – Ben Thanh Company Limited and Vietcombank Fund Management respectively; however, these companies' charters require a consensus among parties on all important decisions on the companies' operational and financial matters. Hence, owning more than half of the companies' 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".

The Bank owns 45% of the total capital of Vietcombank – Cardif Life Insurance Company Limited; however, this company's charter requires a consensus among related parties on all important decisions on the company's operational and financial matters. Therefore, the investment in the company is classified into "Investment in joint-ventures" rather than "Investment in associates".

8. Long-term investments (continued)

(b) Investments in associates

As at 30 June 2016

		% share- holding	Cost VND million	Book value VND million
Vietcombank - Bonday Limited	Office leasing	16%	11,110	10,620
			11,110	10,620

As at 31 December 2015

		% share- holding	Cost VND million	Book value VND million
Vietcombank - Bonday Limited	Office leasing	16%	11,110	9,349
			11,110	9,349

The Bank has significant influence but limited control, through its participation in the Board of Directors and the Fund Representative Board of this company, over its financial and operating policies. 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

	30/6/2016 VND million	31/12/2015 VND million
Borrowings from the SBV	4,213,905	2,861,958
Borrowings on the basis of credit profiles	3,660,564	2,321,634
Other borrowings	553,341	540,324
Demand deposits from the State Treasury	26,962,450	26,049,857
Deposits from the SBV	494,346	12,567,738
	31,670,701	41,479,553

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10. Deposits and borrowings from other credit institutions

	30/6/2016	31/12/2015
	VND million	VND million
Deposits from other credit institutions	38,600,555	51,743,682
Demand deposits in VND	5,432,316	6,064,969
Demand deposits in foreign currencies	28,753,556	35,061,617
Term deposits in VND	1,639,000	3,910,000
Term deposits in foreign currencies	2,775,683	6,707,096
Borrowings from other credit institutions	10,876,394	20,391,699
Borrowings in VND	2,684,955	16,670,399
Borrowings in foreign currencies	8,191,439	3,721,300
	49,476,949	72,135,381

11. Deposits from customers

	30/6/2016	31/12/2015
	VND million	VND million
Demand deposits	148,709,480	141,125,744
Demand deposits in VND	109,619,030	101,363,942
Demand deposits in gold, foreign currencies	39,090,450	39,761,802
Term deposits	380,361,240	354,019,090
Term deposits in VND	314,340,996	283,373,464
Term deposits in gold, foreign currencies	66,020,244	70,645,626
Deposits for specific purposes	5,560,776	4,825,786
Margin deposits	1,016,598	1,191,930
	535,648,094	501,162,550

12. Valuable papers issued

	30/6/2016	31/12/2015
	VND million	VND million
Certificates of deposits	5,677	6,081
Short-term in foreign currencies	210	210
Medium-term in VND	322	415
Medium-term in foreign currencies	5,145	5,456
Bonds and bills	2,467,489	2,472,989
Short-term in VND	47	47
Short-term in foreign currencies	103	103
Medium-term in VND	2,467,327	2,472,827
Medium-term in foreign currencies	12	12
	2,473,166	2,479,070

13. Other liabilities

	30/6/2016	31/12/2015
	VND million	VND million
Internal payables	2,768,784	1,700,312
External payables	3,144,277	4,043,086
Bonus and welfare funds	533,790	1,214,597
	6,446,851	6,957,995

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14. Capital and reserves

(a) Statement of changes in equity

	Charter capital	Share premium	Other capital	Reserves					Foreign exchange differences	Retained profits	Non-controlling interest	Total equity
	VND million	VND million	VND million	Supplementary charter capital	Financial Risk	Investment and development fund	Total	Asset revaluation differences	VND million	VND million	VND million	VND million
Balance as at 1/1/2016	26,650,203	5,725,318	45,160	1,617,448	3,253,253	70,661	4,941,362	89,222	79,969	7,475,808	165,300	45,172,342
Net profit for the period	-	-	-	-	-	-	-	-	-	3,421,044	8,120	3,429,164
Adjustment for reserves appropriation in 2015 according to General Meeting of shareholders and other adjustments	-	-	-	(1,246)	(2,493)	-	(3,739)	-	-	3,627	-	(112)
Exchange rate differences	-	-	-	-	-	-	-	-	(999)	-	(13)	(1,012)
Adjustments of share of gain/(loss) of investments in joint-ventures and associates upon equity method (*)	-	-	-	-	-	-	-	-	-	1,740	-	1,740
Utilization during the period	-	-	-	-	(1,062)	-	(1,062)	-	-	-	-	(1,062)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(25,082)	(25,082)
Others	-	-	-	-	-	-	-	-	-	46	20	66
Balance as at 30/6/2016	26,650,203	5,725,318	45,160	1,616,202	3,249,698	70,661	4,936,561	89,222	78,970	10,902,265	148,345	48,576,044

(*) Resulted from the appropriation to reserves and adjustments of independent auditors on financial statements of joint-ventures and associates.

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14. Capital and reserves (continued)

(b) Shareholding structure of the Bank

	30/6/2016 VND million	31/12/2015 VND million
Ordinary shares		
The State of Vietnam	20,550,766	20,550,766
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	3,997,544	3,997,544
Other shareholders	2,101,893	2,101,893
	26,650,203	26,650,203

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

	30/6/2016 Number of shares	31/12/2015 Number of shares
Authorized share capital	2,665,020,334	2,665,020,334
Issued share capital		
Ordinary shares	2,665,020,334	2,665,020,334
Outstanding shares		
Ordinary shares	2,665,020,334	2,665,020,334

The par value of each ordinary share is VND10,000.

15. Basic earnings per share

(a) Profit attributable to the ordinary shareholders of Vietcombank

	Period from 1/1/2016 to 30/6/2016 VND million	Period from 1/1/2015 to 30/6/2015 VND million
Net profit after tax (*)	3,421,044	2,452,601
Profit attributable to the ordinary shareholders during the period	3,421,044	2,452,601

(*) Net profit used to calculate earnings per share for the period from 1 January to 30 June was not revised to deduct the appropriation to bonus and welfare fund of the corresponding year.

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15. Basic earnings per share (continued)

(b) Weighted average number of ordinary shares

	Period from 1/1/2016 to 30/6/2016	Period from 1/1/2015 to 30/6/2015
Shares outstanding at beginning of period	2,665,020,334	2,665,020,334
Weighted average number of outstanding ordinary shares during the period	2,665,020,334	2,665,020,334

(c) Basic earnings per share

	Period from 1/1/2016 to 30/6/2016 VND	Period from 1/1/2015 to 30/6/2015 VND
Basic earnings per share	1,284	923

16. Interest and similar income

	Period from 1/1/2016 to 30/6/2016 VND million	Period from 1/1/2015 to 30/6/2015 VND million
Interest income from loans to customers	13,775,172	11,740,787
Interest income from balances with other credit institutions	877,907	477,033
Interest income from trading and investment debt securities	3,062,632	2,411,367
- Interest income from investment securities	3,015,639	2,237,519
- Interest income from trading securities	46,993	173,848
Interest income from finance lease	105,190	94,118
Fee and commission income from guarantee activities	181,329	134,979
Interest income from debts trading activities	1,667	-
Other income from credit activities	29,439	13,138
	18,033,336	14,871,422

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17. Interest and similar expenses

	Period from 1/1/2016 to 30/6/2016 VND million	Period from 1/1/2015 to 30/6/2015 VND million
Interest expenses on deposits	(8,141,964)	(7,373,162)
Interest expenses on borrowings	(554,067)	(259,615)
Interest expenses on valuable papers issued	(138,138)	(138,262)
Other expenses on credit activities	(41,735)	(35,281)
	(8,875,904)	(7,806,320)

18. Net gain from trading securities

	Period from 1/1/2016 to 30/6/2016 VND million	Period from 1/1/2015 to 30/6/2015 VND million
Income from trading securities	207,194	177,012
Expenses on trading securities	(23,010)	(43,410)
Allowance for trading securities (made)/reversed during the period	(2,217)	250
	181,967	133,852

19. Net gain/(loss) from investment securities

	Period from 1/1/2016 to 30/6/2016 VND million	Period from 1/1/2015 to 30/6/2015 VND million
Income from trading investment securities	7,176	124,157
Expenses on trading investment securities	(7,658)	(52,606)
Allowance for investment securities reversed during the period	-	23,042
	(482)	94,593

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20. Income from equity investments

	Period from 1/1/2016 to 30/6/2016 VND million	Period from 1/1/2015 to 30/6/2015 VND million
Dividends received from equity investments during the period	5,674	18,468
- <i>Dividends received from equity securities</i>	2,690	10,929
- <i>Dividends received from trading securities</i>	2,984	7,539
Income from disposal of equity investments	-	1,100
Share of gain/(loss) in joint-ventures and associates using equity method	20,289	(11,836)
	25,963	7,732

21. Operating expenses

	Period from 1/1/2016 to 30/6/2016 VND million	Period from 1/1/2015 to 30/6/2015 VND million
Tax, duties and fees	(69,269)	(58,575)
Salaries and related expenses	(2,176,754)	(1,415,905)
<i>Of which:</i>		
- <i>Salary and wages</i>	(2,026,112)	(1,293,007)
- <i>Additional expenses based on salary</i>	(131,733)	(107,278)
- <i>Other allowances</i>	(395)	(1,192)
Expenses on assets	(872,230)	(660,295)
<i>Of which:</i>		
- <i>Depreciation and amortisation of fixed assets</i>	(330,705)	(301,188)
Administrative expenses	(1,702,970)	(951,145)
Insurance expenses on deposits from customers	(168,404)	(137,511)
Other operating expenses	(8,252)	(23,627)
	(4,997,879)	(3,247,058)

22. Cash and cash equivalents

	30/6/2016 VND million	31/12/2015 VND million
Cash on hand, gold, silver and gemstones	8,230,533	8,519,334
Balances with the State Bank of Vietnam	19,732,309	19,715,035
Balances with and loans to other credit institutions due within three months	89,368,823	122,367,566
Trading securities	8,814,903	9,941,389
Securities due within three months from the purchase date	5,262,663	3,869,529
	131,409,231	164,412,853

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23. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	Period from 1/1/2016 to 30/6/2016 VND million	Period from 1/1/2015 to 30/6/2015 VND million
The State Bank of Vietnam	Regulator		
Interest income from deposits at the SBV		47,191	47,377
Interest expenses on deposits and borrowings		70,870	33,825
The Ministry of Finance ("the MoF")	Regulator		
Interest income from loans to the MoF		-	1,776
Interest expenses on deposits from the MoF		54,748	31,236
Interest expenses on borrowings from the MoF		12,436	8,412

(b) Significant balances with related parties

	Relationship	30/6/2016 VND million	31/12/2015 VND million
The State Bank of Vietnam	Regulator		
Deposits at the SBV		19,731,988	19,715,035
Deposits and borrowings from the SBV		4,708,251	15,429,696
The Ministry of Finance	Regulator		
Loans to the MoF		-	-
Deposits from the MoF		26,962,450	26,049,857
Borrowings from the MoF		647,425	545,838
Vietcombank Fund Management	Joint-venture		
Trusted investment – bonds		1,034,318	-

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24. Segment reporting

(a) Geographical segment

	The North (*) VND million	The Middle and Tay Nguyen VND million	The South VND million	Overseas VND million	Elimination VND million	Total VND million
1 Interest and similar income	4,256,487	1,264,056	3,619,248	10,627	7,014	9,157,432
2 Interest and similar expenses	1,105,837	184,813	747,976	9,755	(50,655)	1,997,726
3 Fee and commission income	(904,768)	(8,424)	(28,615)	(4,429)	8,648	(937,588)
4 Fee and commission expenses						
II Net interest income	201,069	176,389	719,361	5,326	(42,007)	1,060,138
III Net gain from trading foreign currencies	817,300	33,287	187,253	388	-	1,038,228
IV Net gain from trading securities	181,967	-	-	-	-	181,967
V Net gain/(loss) from investment securities	(482)	-	-	-	-	(482)
5 Other income	308,904	303,437	331,552	471	-	944,364
6 Other expenses	(111,682)	(862)	(11,275)	(2,817)	-	(126,636)
VI Net other income/ (expenses)	197,222	302,575	320,277	(2,346)	-	817,728
VII Income from equity investments	25,963	-	-	-	-	25,963
Total operating income	5,679,526	1,776,307	4,846,139	13,995	(34,993)	12,280,974
VIII Total operating expenses	(3,477,295)	(421,164)	(1,125,513)	(15,914)	42,007	(4,997,879)
IX Net profit/ (loss) before allowances for credit losses	2,202,231	1,355,143	3,720,626	(1,919)	7,014	7,283,095
X Allowances for credit losses	(2,114,241)	(200,331)	(688,969)	21	-	(3,003,520)
XI Profit/ (loss) before tax	87,990	1,154,812	3,031,657	(1,898)	7,014	4,279,575
7 Current Corporate Income tax expenses	(12,944)	(230,962)	(606,331)	(945)	-	(851,182)
8 Deferred Corporate Income tax expenses	771	-	-	-	-	771
XII Corporate Income tax expenses	(12,173)	(230,962)	(606,331)	(945)	-	(850,411)
XIII Profit/ (loss) after tax	75,817	923,850	2,425,326	(2,843)	7,014	3,429,164

(*): During the six-month period ended 30 June 2016, some operating expenses for the whole system were made by Head Office located in the North area but not allocated to other units of the Bank.

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24. Segment reporting (continued)

(b) Business segment

	Banking services VND million	Non-bank financial services VND million	Securities VND million	Others VND million	Elimination VND million	Total VND million
1 Interest and similar income	40,368,972	118,901	62,516	2,339	(22,519,392)	18,033,336
2 Interest and similar expenses	(31,330,579)	(46,423)	(25,308)	-	22,526,406	(8,875,904)
I Net interest income	9,038,393	72,478	37,208	2,339	7,014	9,157,432
3 Fee and commission income	1,925,357	3,069	56,125	63,830	(50,655)	1,997,726
4 Fee and commission expenses	(911,737)	(444)	(11,216)	(22,839)	8,648	(937,588)
II Net fee and commission income	1,013,620	2,625	44,909	40,991	(42,007)	1,060,138
III Net gain from trading foreign currencies	1,037,840	388	-	-	-	1,038,228
IV Net gain from trading securities	156,823	-	25,144	-	-	181,967
V Net gain/ (loss) from investment securities	(482)	-	-	-	-	(482)
5 Other income	941,066	1,800	1,040	458	-	944,364
6 Other expenses	(122,818)	(2,818)	(1,000)	-	-	(126,636)
VI Net other income/ (expenses)	818,248	(1,018)	40	458	-	817,728
VII Income from equity investments	22,979	-	2,984	-	-	25,963
Total operating income	12,087,421	74,473	110,285	43,788	(34,993)	12,280,974
VIII Total operating expenses	(4,932,529)	(32,789)	(60,963)	(13,605)	42,007	(4,997,879)
IX Net profit before allowances for credit losses	7,154,892	41,684	49,322	30,183	7,014	7,283,095
X Allowances for credit losses	(2,998,842)	(824)	(3,854)	-	-	(3,003,520)
XI Profit before tax	4,156,050	40,860	45,468	30,183	7,014	4,279,575
7 Current Corporate Income tax expenses	(826,382)	(7,972)	(9,268)	(7,560)	-	(851,182)
8 Deferred Corporate Income tax expenses	-	-	771	-	-	771
XII Corporate Income tax expenses	(826,382)	(7,972)	(8,497)	(7,560)	-	(850,411)
XIII Profit after tax	3,329,668	32,888	36,971	22,623	7,014	3,429,164

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25. Disclosure of financial instruments

(a) Disclosure of collaterals

Vietcombank 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) Disclosure of fair value

Circular No. 210/2009/TT-BTC requires Vietcombank 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 Vietcombank's financial assets and liabilities as at 30 June 2016:

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25. Disclosure of financial instruments (continued)

(b) Disclosure of fair value (continued)

	Held for trading	Carrying value				Fair value
		Held-to-maturity	Loans and receivables	Available-for-sale	Recognized at amortized cost	Total of carrying value
	VND million	VND million	VND million	VND million	VND million	VND million
Financial assets						
I Cash on hand, gold, silver and gemstones	8,230,533	-	-	-	-	8,230,533
II Balances with the SBV	19,732,309	-	-	-	-	19,732,309
III Balances with and loans to other credit institutions	-	-	99,792,342	-	-	99,792,342
IV Trading securities	8,814,903	-	-	-	-	8,814,903
V Derivatives and other financial assets	108,759	-	-	-	-	108,759
VI Loans to customers	-	-	427,215,383	-	-	427,215,383
VIII Investment securities	-	63,679,810	3,513,244	40,947,231	-	108,140,285
IX Long-term investments	-	-	-	2,829,418	-	2,829,418
XII Other financial assets	-	-	6,783,124	-	-	6,783,124
	36,886,504	63,679,810	537,304,093	43,776,649	-	681,647,056
						*
Financial liabilities						
I, II Deposits and borrowings from the SBV and other credit institutions	-	-	-	-	81,147,650	81,147,650
III Deposits from customers	-	-	-	-	535,648,094	535,648,094
VI Valuable papers issued	-	-	-	-	2,473,166	2,473,166
VII Other financial liabilities	-	-	-	-	5,563,529	5,563,529
						*
					624,832,439	624,832,439
						*

(*) Due to the lack of sufficient information for using valuation techniques, fair value of the financial assets and liabilities that do not have quoted market prices are deemed to be not reliably measured and therefore not disclosed.

25. Disclosure of financial instruments (continued)

(c) Risk management policy for financial instruments

The Board of Directors has the highest right and responsibility for Vietcombank's overall financial risk management framework to facilitate its business activities to thrive safely and sustainably.

Having taken that responsibility, the Board of Directors appropriately promulgates risk management policies and strategies for each period, establishes secured business limit, directly approves high-value business transactions in accordance with both legal and internal requirements for each period, and determines organizational structure and key personnel positions.

Risk management strategies and policies are adhered to Vietcombank'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 Vietcombank's day-to-day business operations.

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

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

In its authorized segregation, ALCO has the right to make decisions regarding risk management.

25. Disclosure of financial instruments (continued)

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

(i) Credit risk

Vietcombank is under exposure to credit risk, where counterparty's default on its obligations will cause a financial loss for Vietcombank by failing to fulfill an obligation on time. Credit exposures arise mainly in lending activities relating to loans and advances, and in investments in debt securities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management and control are performed through issuance of related policies and procedures, including credit risk management policies, and operation of Credit Risk Management Committee and Credit Committee.

Vietcombank classifies loans to customers and other credit institutions, off-balance sheet items, entrustments for loans and unlisted corporate bonds in accordance with Circular 02 and Circular 09 (see Note 2(g)) and regularly assesses credit risks of non-performing loans in order to have appropriate resolutions.

In order to manage credit risks, Vietcombank 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 decentralized authorization in credit activities.

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25. Disclosure of financial instruments (continued)

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

(i) Credit risk (continued)

Vietcombank's maximum exposure amounts to credit risk as at 30 June 2016, excluding collaterals and credit risk mitigations as follows:

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and fully made allowance VND million	Total VND million
Balances with and loans to other credit institutions – gross	99,744,842	-	47,500	99,792,342
Balances with other credit institutions	63,112,388	-	-	63,112,388
Loans to other credit institutions	36,632,454	-	47,500	36,679,954
Loans to customers – gross	411,031,775	1,263,812	14,919,796	427,215,383
Investment securities – gross	104,627,041	-	3,513,244	108,140,285
Available-for-sale securities	40,947,231	-	-	40,947,231
Held-to-maturity securities	63,679,810	-	3,513,244	67,193,054
Other assets	6,783,124	-	-	6,783,124
	622,186,782	1,263,812	18,480,540	641,931,134

Description and book value of collaterals held by Vietcombank as at 30 June 2016 were as follows:

	VND million
Deposits	40,242,570
Valuable papers	63,591,859
Real estates	459,651,152
Others	171,961,122
	735,446,703

25. Disclosure of financial instruments (continued)**(c) Risk management policy for financial instruments (continued)****(ii) 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 interim financial statements to the nearest interest re-pricing term of the items in the interim consolidated balance sheet.

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

- Cash, gold, silver and gemstones, long-term investments, and other assets (including fixed assets and other assets) are classified as non-interest bearing 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 interim consolidated financial statement date.
 - Items with floating interest rate: the actual interest re-pricing term is based on the nearest re-pricing term subsequent to the interim consolidated financial statement 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 re-pricing terms of Vietcombank's assets and liabilities as at 30 June 2016:

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25. Disclosure of financial instruments (continued)

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

(ii) Interest rate risk (continued)

	Overdue VND million	Free of interest VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
I Cash on hand, gold, silver and gemstones	-	8,230,533	-	-	-	-	-	-	8,230,533
II Balances with the SBV	-	321	19,731,988	-	-	-	-	-	19,732,309
III Balances with and loans to other credit institutions – gross	-	-	78,533,661	8,196,324	2,459,206	10,603,151	-	-	99,792,342
IV Trading securities – gross	-	-	8,814,903	-	-	-	-	-	8,814,903
V Derivatives and other financial assets	-	-	-	108,759	-	-	-	-	108,759
VI Loans to customers - gross	6,722,950	401	103,987,442	144,079,296	115,567,250	44,962,598	11,106,145	789,301	427,215,383
VIII Investment securities – gross	-	3,513,244	4,357,107	905,556	3,144,134	10,134,228	58,853,885	27,232,131	108,140,285
IX Long-term investments – gross	-	3,614,563	-	-	-	-	-	-	3,614,563
X Fixed assets	-	4,870,123	-	-	-	-	-	-	4,870,123
XII Other assets – gross	-	9,426,638	-	-	-	-	-	-	9,426,638
Total assets	6,722,950	29,655,823	215,425,101	153,289,935	121,170,590	65,699,977	69,960,030	28,021,432	689,945,838
Liabilities									
I, II Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	64,503,206	8,505,982	3,468,273	4,670,189	-	-	81,147,650
III Deposits from customers	-	42,038	279,225,646	97,251,761	55,090,536	97,126,509	6,904,884	6,720	535,648,094
VI Valuable papers issued	-	-	2,026	4,640	-	-	466,500	2,000,000	2,473,166
VII Other liabilities	-	11,156,005	-	-	-	-	-	-	11,156,005
Total liabilities	-	11,198,043	343,730,878	105,762,383	58,558,809	101,796,698	7,371,384	2,006,720	630,424,915
Interest sensitivity gap	6,722,950	18,457,780	(128,305,777)	47,527,552	62,611,781	(36,096,721)	62,588,646	26,014,712	59,520,923
Cumulative interest sensitivity gap	6,722,950	25,180,730	(103,125,047)	(55,597,495)	7,014,286	(29,082,435)	33,506,211	59,520,923	

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25. Disclosure of financial instruments (continued)

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

(iii) 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 Bank's two overseas subsidiaries have their local currencies as their reporting currencies. However, the value of these companies' assets is not significant to Vietcombank's total asset value. The major currency in which the Bank transacts is VND. Vietcombank's loans to customers are mainly denominated in VND, USD and EUR. Some of Vietcombank's other assets are in currencies other than VND, USD and EUR. Vietcombank has set limits on positions by currency 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 following table presents Vietcombank's assets and liabilities denominated in foreign currencies that were translated into VND as at 30 June 2016:

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25. Disclosure of financial instruments (continued)

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

(iii) Currency risk (continued)

	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	6,423,757	1,240,344	217,755	348,677	8,230,533
II	Balances with the SBV	10,148,292	9,584,017	-	-	19,732,309
III	Balances with and loans to other credit institutions – gross	69,859,545	11,899,209	12,197,473	5,836,115	99,792,342
IV	Trading securities – gross	8,814,903	-	-	-	8,814,903
V	Derivatives and other financial assets	3,861,461	(6,395,016)	1,267,203	1,375,111	108,759
VI	Loans to customers - gross	356,920,271	69,446,671	187,483	660,958	427,215,383
VIII	Investment securities – gross	64,394,285	43,746,000	-	-	108,140,285
IX	Long-term investments – gross	3,614,563	-	-	-	3,614,563
X	Fixed assets	4,868,603	693	-	827	4,870,123
XII	Other assets – gross	9,504,095	1,199,301	(48,949)	(1,227,809)	9,426,638
	Total assets	538,409,775	130,721,219	13,820,965	6,993,879	689,945,838
	Liabilities					
I, II	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	37,558,750	30,684,681	10,317,639	2,586,580	81,147,650
III	Deposits from customers	428,810,767	100,177,077	3,578,615	3,081,635	535,648,094
V	Valuable papers issued	2,467,697	5,469	-	-	2,473,166
VII	Other liabilities	12,383,601	(1,391,692)	37,193	126,903	11,156,005
	Total liabilities	481,220,815	129,475,535	13,933,447	5,795,118	630,424,915
	FX position on balance sheet	57,188,960	1,245,684	(112,482)	1,198,761	59,520,923

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25. Disclosure of financial instruments (continued)

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

(iv) Liquidity risk

Liquidity risk occurs when Vietcombank 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 interim consolidated financial statements 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 Vietcombank's assets and liabilities maturity analysis in the interim consolidated balance sheet:

- Balances with the SBV are considered as current accounts including the compulsory deposits;
- The maturity of investment securities is based on redemption 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 and deposits from customers are determined based on either the nature of the loans or their contractual maturities. For example, Vostro accounts and current accounts 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 Vietcombank's assets and liabilities as at 30 June 2016:

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25. Disclosure of financial instruments (continued)

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

(iv) Liquidity risk (continued)

	Overdue over 3 months VND million	Overdue up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets								
I	-	-	8,230,533	-	-	-	-	8,230,533
II	-	-	19,732,309	-	-	-	-	19,732,309
III	-	-	-	-	-	-	-	-
IV	-	-	81,674,247	7,694,576	10,423,519	-	-	99,792,342
V	-	-	8,814,903	-	-	-	-	8,814,903
VI	-	-	-	108,759	-	-	-	108,759
VII	5,773,498	949,451	52,141,975	88,064,165	133,248,804	96,678,409	50,359,081	427,215,383
VIII	-	-	4,357,107	905,556	13,178,361	62,473,638	27,225,623	108,140,285
IX	-	-	-	-	-	-	3,614,563	3,614,563
X	-	-	-	-	-	-	4,870,123	4,870,123
XI	-	-	12,373	9,414,265	-	-	-	9,426,638
Total assets		5,773,498	949,451	174,963,447	106,187,321	156,850,684	159,152,047	689,945,838
Liabilities								
I, II	-	-	65,876,877	8,337,626	6,392,873	491,797	48,477	81,147,650
III	-	-	163,104,447	136,025,506	198,532,495	37,978,926	6,720	535,648,094
VI	-	-	2,026	4,640	-	466,500	2,000,000	2,473,166
VII	-	-	33,303	11,122,702	-	-	-	11,156,005
Total liabilities		-	-	229,016,653	155,490,474	204,925,368	38,937,223	630,424,915
Net liquidity gap		5,773,498	949,451	(54,053,206)	(49,303,153)	(48,074,684)	120,214,824	59,520,923

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26. Changes in net profit for the period

The increase in net profit after tax of Vietcombank in Quarter II, 2016 by VND 264 billion (equivalent to 19.89%) compared to Quarter II, 2015, was driven by increase in its profit before tax amounting to VND 285 billion (increased by 16.82%) over the prior corresponding period due mainly to the increase in the following items:

	Impact	
	Absolute value VND billion	Relative value %
Items of significant movement		
Increase in fee and commission income	50	2.95%
Increase in net other income	116	6.84%
Decrease in allowances for credit losses	131	7.72%
	297	17.51%

27. Events after the interim consolidated financial statement date

At the interim consolidated financial statements date, there have not been any other significant events that have arisen since 30 June 2016 that may significantly affect the interim consolidated financial position of Vietcombank and require adjustments or disclosures to be made in the interim consolidated financial statements as at 30 June 2016 and for the six-month period then ended.

28. Seasonal or cyclical factors

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

(a) Taxation

In accordance with the current tax regulations, corporate income tax of the Bank and its subsidiaries is computed and finalised at the end of the year. Corporate income tax expenses for the period are calculated at the rate of 20% for the Bank and its subsidiaries in Vietnam, 16.5% for its subsidiary in Hong Kong.

(b) Reserves appropriation

The appropriation of the reserves as presented in Note 2 (o) (iv) will be made at the end of the fiscal year.

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29. Restatements of comparative figures

During the period from 1 January to 30 June 2016, due to changes in accounting policies and requirements of preparation and presentation of financial statements according to Circular 210/2014/TT-BTC dated 30 December 2014 applied to Vietcombank Securities Company Limited which is Vietcombank's subsidiary, certain items in the previous year's consolidated balance sheet were reclassified to conform with the presentation of this period's interim consolidated financial statements.

Extract from the consolidated balance sheet as at 31/12/2015:

	31/12/2015	Reclassification according to Circular 210	31/12/2015
	VND million (Previous stated)	VND million	VND million (Restated)
Trading securities	9,467,305	457,741	9,925,046
Trading securities	9,468,255	473,134	9,941,389
Allowance for trading securities	(950)	(15,393)	(16,343)
Loans to customers	378,541,826	571,233	379,113,059
Loans to customers	387,151,704	571,233	387,722,937
Investment securities	108,055,236	(457,741)	107,597,495
Available-for-sale securities	42,941,175	(473,134)	42,468,041
Allowance for investment securities	(704,217)	15,393	(688,824)
Other assets	9,971,680	(571,233)	9,400,447
Receivables	3,532,456	(578,493)	2,953,963
	4,842,275	7,260	4,849,535
Deposits from customers	500,528,267	634,283	501,162,550
Other liabilities	12,600,027	(634,283)	11,965,744
Other liabilities	7,592,278	(634,283)	6,957,995

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30. Approval of the interim consolidated financial statements

The interim consolidated financial statements were approved by the Board of Management of the Bank on 12 August 2016.

Hanoi, 12 August 2016

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