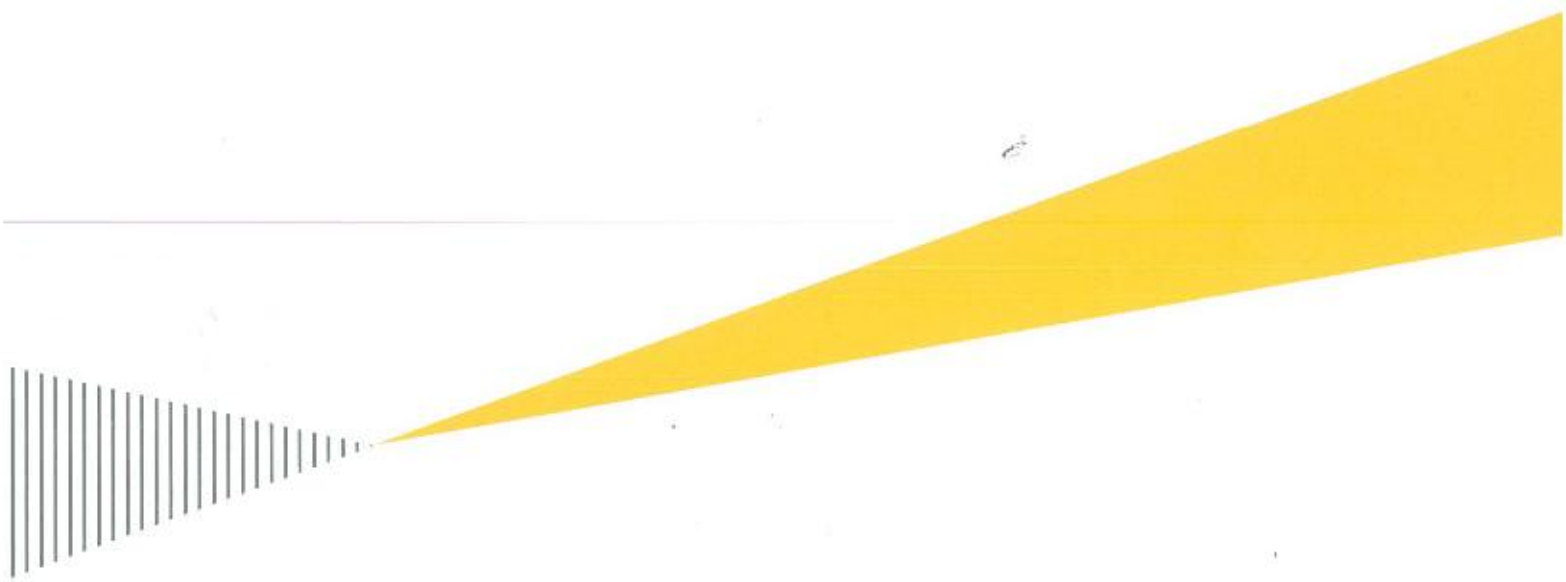
Vietnam Prosperity Joint Stock Commercial Bank

Interim consolidated financial statements

30 June 2016



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Vietnam Prosperity Joint Stock Commercial Bank

Interim consolidated financial statements

30 June 2016

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Vietnam Prosperity Joint Stock Commercial Bank

GENERAL INFORMATION

THE BANK

Vietnam Prosperity Joint Stock Commercial Bank ("the Bank" or "VPBank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established pursuant to Banking Licence No. 0042/NH-GP dated 12 August 1993 issued by the State Bank of Vietnam ("the SBV") and Business Registration Certificate No.0100233583 dated 8 September 1993 issued by Hanoi Department of Planning and Investment which was amended for the 35th time on 9 March 2016. The Bank started operation on 12 August 1993 with an operation period of 99 years.

The Bank was established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations or individuals; making short, medium and long-term loans and advances to organizations and individuals based on the nature and ability of the Bank's capital resources; conducting foreign exchange transactions, international trade finance services, discounting of commercial papers, bonds and other valuable papers, and providing other banking services as allowed by the SBV.

Charter capital

As at 30 June 2016, the charter capital of the Bank is VND9,181,000 million (31 December 2015: VND8,056,466 million).

Location

The Bank's Head Office is located at Floor 1-7, Capital Tower, 72 Tran Hung Dao Street, Tran Hung Dao Ward, Hoan Kiem District, Hanoi, Vietnam. As at 30 June 2016, the Bank has one (1) Head Office, forty eight (48) branches, one hundred and sixty five (165) transaction offices nationwide and two (2) subsidiaries.

BOARD OF DIRECTORS

The members of the Board of Directors of the Bank during the period and as at the date of the interim consolidated financial statements are as follows:

Name	*Position*
Mr. Ngo Chi Dzung	Chairman
Mr. Bui Hai Quan	Vice Chairman
Mr. Lo Bang Giang	Vice Chairman
Mr. Nguyen Van Hao	Independent member
Mr. Luong Phan Son	Member
Mr. Nguyen Duc Vinh	Member

THE BOARD OF SUPERVISION

The members of the Board of Supervision of the Bank during the period and as at the date of the interim consolidated financial statements are as follows:

Name	*Position*
Ms. Nguyen Quynh Anh	Head of Board of Supervision
Ms. Nguyen Thi Bich Thuy	Member in charge
Ms. Nguyen Thi Mai Trinh	Member

GENERAL INFORMATION (continued)

THE BOARD OF MANAGEMENT

The members of the Board of Management of the Bank during the period and as at the date of the interim consolidated financial statements are as follows:

Name	*Position*
Mr. Nguyen Duc Vinh	Chief Executive Officer
Mr. Nguyen Thanh Binh	Deputy Chief Executive Officer
Mr. Phan Ngoc Hoa	Deputy Chief Executive Officer
Ms. Duong Thi Thu Thuy	Deputy Chief Executive Officer
Ms. Luu Thi Thao	Deputy Chief Executive Officer
Mr. Nguyen Thanh Long	Deputy Chief Executive Officer
Mr. Fung Kai Jin	Deputy Chief Executive Officer
Mr. Pham Phu Khoi	Deputy Chief Executive Officer

SUBSIDIARIES

As at 30 June 2016, the Bank has two (2) directly owned subsidiaries as follows:

Subsidiaries	*Operating Licence*	*Nature of Business*	*Charter capital*	*Ownership*
VPBank Asset Management Company Limited (VPBank AMC)	Business Registration Certificate No.0105837483 dated 15 April 2013 issued by Hanoi Department of Planning and Investment	Asset and liabilities management	VND 115 billion	100%
VPBank Finance Company Limited (VPB FC)	Business Registration Certificate No.0102180545 dated 1 June 2015 by Hanoi Department of Planning and Investment	Other financial activities	VND 1,900 billion	100%

LEGAL REPRESENTATIVE

The legal representative of the Bank during the six-month accounting period ended 30 June 2016 and as at the date of the interim consolidated financial statements is Mr. Ngo Chi Dzung – Chairman.

Mr. Nguyen Duc Vinh - Chief Executive Officer was authorized by Mr. Ngo Chi Dzung to sign off the accompanying interim consolidated financial statements for the six-month accounting period ended 30 June 2016 according to Authorization Document No. 09/2012/UQ-CT dated 5 July 2012.

AUDITORS

The auditors of the Bank are Ernst & Young Vietnam Limited.

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Vietnam Prosperity Joint Stock Commercial Bank ("the Bank") is pleased to present its report and the interim consolidated financial statements of the Bank and its subsidiaries as at 30 June 2016 and for the six-month period then ended.

MANAGEMENT'S RESPONSIBILITY FOR THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the 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 will continue in business.

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

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

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management of the Bank 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, 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 other statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

For and on behalf of the Board of Management

Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, Vietnam

20 August 2016

Ernst & Young Vietnam Limited
8th Floor, CornerStone Building
16 Phan Chu Trinh Street
Hoan Kiem District
Hanoi, S.R. of Vietnam

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Reference: 60755038/18665508-HN-BN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of
Vietnam Prosperity Joint Stock Commercial Bank

We have audited the interim consolidated financial statements of Vietnam Prosperity Joint Stock Commercial Bank ("the Bank") and its subsidiaries as prepared on 20 August 2016 and set out on pages 6 to 55 which comprise the interim consolidated balance sheet as at 30 June 2016, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the selective notes thereto.

Management's responsibility

Management of the Bank is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the 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 an opinion on these interim consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim consolidated financial statements are free from material misstatement.

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

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

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Auditors' opinion

In our opinion, the interim consolidated financial statements give a true and fair view, in all material respects, of the interim consolidated financial position of the Bank and its subsidiaries as at 30 June 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 other statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

Ernst & Young Vietnam Limited

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

Tran Mai Thao
Auditor
Audit Practising Registration
Certificate No. 2466-2013-004-1

Hanoi, Vietnam

20 August 2016

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2016

	Notes	30 June 2016 VND million	31 December 2015 VND million
ASSETS			
Cash, gold and gemstones		**1,751,795**	**1,632,425**
Balances with the State Bank of Vietnam		**3,508,318**	**2,261,499**
Placements with and loans to other credit institutions		**10,510,419**	**14,599,675**
Placements with other credit institutions		4,450,419	8,729,745
Loans to other credit institutions		6,060,731	5,870,661
Provision for credit losses on loans to other credit institutions		(731)	(731)
Securities held for trading	**5**	**1,794,448**	**2,043,647**
Securities held for trading		1,794,448	2,046,735
Provision for securities held for trading		-	(3,088)
Loans to customers		**116,335,300**	**115,062,473**
Loans to customers	7	118,135,827	116,804,247
Provision for credit losses on loans to customers	8	(1,800,527)	(1,741,774)
Investment securities		**55,738,004**	**47,744,838**
Available-for-sale securities	9.1	52,752,554	43,965,978
Held-to-maturity securities	9.2	3,722,081	4,520,639
Provision for investment securities	9.3	(736,631)	(741,779)
Long-term investments	**10**	**277,295**	**307,154**
Other long-term investments		307,077	307,627
Provision for long-term investments		(29,782)	(473)
Fixed assets		**549,036**	**509,574**
Tangible fixed assets		*383,412*	*325,013*
Cost		829,485	704,679
Accumulated depreciation		(446,073)	(379,666)
Intangible fixed assets		*165,624*	*184,561*
Cost		336,413	339,057
Accumulated amortization		(170,789)	(154,496)
Investment properties		**27,381**	**27,600**
Cost		29,965	29,965
Accumulated amortization		(2,584)	(2,365)
Other assets		**12,262,711**	**9,687,543**
Receivables	11.1	4,566,161	1,985,973
Accrued interest and fee receivables	11.2	4,125,566	4,133,763
Other assets	11.3	3,835,374	3,799,869
In which: Goodwill	12	*24,969*	*37,453*
Provision for other assets	11.4	(264,390)	(232,062)
TOTAL ASSETS		**202,754,707**	**193,876,428**

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

	Notes	30 June 2016 VND million	31 December 2015 VND million
LIABILITIES			
Amounts due to the State Bank of Vietnam	**13**	**24,020**	**4,821,063**
Deposits and borrowings from other credit institutions		**29,714,274**	**17,764,430**
Deposits from other credit institutions	14.1	13,900,063	9,603,163
Borrowings from other credit institutions	14.2	15,814,211	8,161,267
Customer deposits	**15**	**118,599,449**	**130,270,670**
Derivatives and other financial liabilities	**6**	**291,908**	**131,760**
Other borrowed and entrusted funds	**16**	**326,442**	**383,188**
Valuable papers issued		**33,988,897**	**21,859,941**
Other liabilities		**5,397,658**	**5,256,454**
Interest and fee payables	17.1	2,922,451	2,804,740
Other payables	17.2	2,475,207	2,451,714
TOTAL LIABILITIES		**188,342,648**	**180,487,506**
OWNERS' EQUITY			
Capital		10,469,863	9,345,329
- *Charter capital*		*9,181,000*	*8,056,466*
- *Share premium*		*1,288,863*	*1,288,863*
Reserves		1,667,818	1,324,775
Foreign exchange difference		(84,797)	-
Retained earnings		2,359,175	2,718,818
TOTAL OWNERS' EQUITY	**19**	**14,412,059**	**13,388,922**
TOTAL LIABILITIES AND OWNERS' EQUITY		**202,754,707**	**193,876,428**

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

OFF-BALANCE SHEET ITEMS

	30 June 2016 VND million	*31 December 2015 VND million*
Credit guarantees	1,320,250	1,373,115
Foreign exchange commitments	28,868,830	36,139,958
- Foreign exchange commitments - buy	*2,811,660*	-
- Foreign exchange commitments - sell	*2,811,638*	-
- Cross currency swap contract	*23,245,532*	*36,139,958*
Letters of credit	5,151,907	6,326,988
Other guarantees	9,370,480	8,550,490
Other commitments	1,032,289	1,171,006
	45,743,756	**53,561,557**

Prepared by:	Reviewed by:	Approved by:
Ms. Nguyen Thi Thu Hang	Ms. Luu Thi Thao	Mr. Nguyen Duc Vinh
Chief Accountant	Deputy Chief Executive Officer cum. Chief Financial Officer	Chief Executive Officer

Hanoi, Vietnam

20 August 2016

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 June 2016

	Notes	*For the six-month period ended 30 June 2016 VND million*	*For the six-month period ended 30 June 2015 VND million*
Interest and similar income	20	11,760,305	8,307,787
Interest and similar expenses	21	(4,952,030)	(3,899,973)
Net interest and similar income		**6,808,275**	**4,407,814**
Fee and commission income		889,488	639,509
Fee and commission expenses		(540,510)	(311,131)
Net fee and commission income		**348,978**	**328,378**
Net loss from trading of foreign currencies		**(92,664)**	**(169,898)**
Net (loss)/gain from securities held for trading	**22**	**(84,202)**	**12,160**
Net gain from investment securities	**23**	**117,799**	**77,272**
Other income		583,013	314,431
Other expenses		(6,638)	(31,774)
Net gain from other activities		**576,375**	**282,657**
Income from investments in other entities		**-**	**4,434**
TOTAL OPERATING INCOME		**7,674,561**	**4,942,817**
Personnel expenses		(1,461,734)	(1,223,296)
Depreciation and amortization charges		(82,657)	(61,724)
Other operating expenses		(1,257,981)	(851,456)
TOTAL OPERATING EXPENSES	**24**	**(2,802,372)**	**(2,136,476)**
Net profit before provision for credit losses		**4,872,189**	**2,806,341**
Provision expense for credit losses	25	(3,296,306)	(1,694,722)
PROFIT BEFORE TAX		**1,575,883**	**1,111,619**
Current corporate income tax expense	18.1	(321,510)	(246,966)
Deferred corporate income tax income	18.2	-	339
Corporate income tax expense		**(321,510)**	**(246,627)**
PROFIT AFTER TAX		**1,254,373**	**864,992**
Basic earnings per share (VND/share)		**1,485**	**1,024**

Prepared by:

Ms. Nguyen Thi Thu Hang
Chief Accountant

Reviewed by:

Ms. Luu Thi Thao
Deputy Chief Executive Officer
cum. Chief Financial Officer

Approved by:

M.S.D.N: 0100233583 - C.T.C.P - NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN VIỆT NAM THỊNH VƯỢNG - Q. HOÀN KIẾM - TP. HÀ NỘI

Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, Vietnam

20 August 2016

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the six-month period ended 30 June 2016

	Notes	*For the six-month period ended 30 June 2016 VND million*	*For the six-month period ended 30 June 2015 VND million*
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		11,743,835	8,554,638
Interest and similar payments		(4,758,279)	(3,135,152)
Net fee and commission receipts		345,986	329,136
Net payments from dealing in foreign currencies, gold and securities trading activities		(100,437)	(18,856)
Other income		286,755	175,191
Recoveries from bad debts written-off previously		264,644	83,479
Payments for operating and salary expenses		(3,114,478)	(2,176,119)
Corporate income tax paid during the period	18.1	(439,218)	(167,658)
Net cash flows from operating profit before changes in operating assets and liabilities		**4,228,808**	**3,644,659**
Changes in operating assets		***(13,362,379)***	***(14,116,506)***
(Increase)/decrease in deposits at and loans to other credit institutions		(190,070)	6,031,215
Increase in investment securities		(8,534,291)	(1,476,378)
Increase in loans to customers		(576,120)	(18,872,598)
Utilization of provision to write off loans to customers, securities, long-term investments and other receivables		(3,177,373)	(988,167)
(Increase)/decrease in other assets		(884,525)	1,189,422
Changes in operating liabilities		***6,233,887***	***12,237,747***
Decrease in amounts due to the SBV		(4,797,044)	(832,555)
Increase/(decrease) in deposits and borrowings from other credit institutions		10,023,678	(3,996,881)
(Decrease)/increase in customers deposits (including deposits from State Treasury)		(11,671,221)	12,076,760
Increase in valuable papers issued (except for valuable paper issued for financing activities)		12,128,956	5,668,766
(Decrease)/increase in other borrowed and entrusted funds		(56,746)	69,029
Increase/(decrease) in derivatives and other financial liabilities		160,147	(80,326)
Increase/(decrease) in other liabilities		446,117	(667,046)
Net cash flows (used in)/from operating activities		**(2,899,684)**	**1,765,900**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(59,983)	(80,523)
Proceeds from disposal of fixed assets		45,980	24,343
Payments for investments in other entities		-	43,800
Receipts from investments in other entities		550	-
Net cash flows used in investing activities		**(13,453)**	**(12,380)**

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2016

	Notes	*For the six-month period ended 30 June 2016 VND million*	*For the six-month period ended 30 June 2015 VND million*
CASH FLOWS FROM FINANCING ACTIVITY			
Increase in charter capital from capital contribution and/or share issuance		-	2,019,690
Cash flows from financing activity		**-**	**2,019,690**
Net cash flows for the period		**(2,913,137)**	**3,773,210**
Cash and cash equivalents at the beginning of the period		**12,623,669**	**9,292,025**
Cash and cash equivalents at the end of the period	**26**	**9,710,532**	**13,065,235**
SIGNIFICANT NON-CASH TRANSACTIONS DURING THE PERIOD			
Bonus shares issued from capital supplementary reserve		57,537	61,893
Increase in charter capital using retained earnings		1,066,997	932,510

Prepared by:	Reviewed by:	Approved by:
Ms. Nguyen Thi Thu Hang	Ms. Luu Thi Thao	Mr. Nguyen Duc Vinh
Chief Accountant	Deputy Chief Executive Officer cum. Chief Financial Officer	Chief Executive Officer

Hanoi, Vietnam

20 August 2016

1. GENERAL INFORMATION

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Location

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Subsidiaries

As at 30 June 2016, the Bank has two (2) directly owned subsidiaries as follows:

Subsidiaries	*Operating Licence*	*Nature of Business*	*Charter capital*	*Ownership*
VPBank Asset Management Company Limited (VPBank AMC)	Business Registration Certificate No.0105837483 dated 15 April 2013 issued by Hanoi Department of Planning and Investment	Asset and liabilities management	VND115 billion	100%
VPBank Finance Company Limited (VPB FC)	Business Registration Certificate No.0102180545 dated 1 June 2015 by Hanoi Department of Planning and Investment	Other finance activities	VND1,900 billion	100%

Employees

As at 30 June 2016, total number of employees of the Bank is 15,026 persons (31 December 2015: 12,927 persons).

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 *Fiscal year*

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

The Bank's interim consolidated period starts on 1 January and ends on 30 June each year.

2.2 *Accounting currency*

Currency used in preparation of financial statement of the Bank is Vietnam dong ("VND"). For the purpose of preparing interim consolidated financial statements as at 30 June 2016, all amounts are rounded to the nearest million and presented in million Vietnam dong.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 *Statement of compliance*

The Board of Management of the Bank confirms that the accompanying interim consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

3.2 *Accounting standards and system*

The interim consolidated financial statements of the Bank, which are expressed in VND million, are prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004 and Circular No. 10/2014/TT-NHNN dated 20 March 2014 amending and supplementing Decision No. 479/2004/QD-NHNN, Decision No. 16/2007/QD-NHNN dated 18 April 2007, Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QD-NHNN by the Governor of the State Bank of Vietnam and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

The Bank has options to present the interim consolidated financial statement in the same complete format as the consolidated financial statement under Vietnamese Accounting Standard 21 – Presentation of Financial Statement or present the financial statement under Vietnamese Accounting Standard 27 – Interim Financial Statement for an accounting period which is quarterly or monthly.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.2 *Accounting standards and system* (continued)

For the six-month accounting period ended 30 June 2016, the Bank has selected to prepare the summary interim consolidated financial statement. The accompanying interim consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying interim consolidated financial statement and their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the interim consolidated financial position and results of interim consolidated operations and interim consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

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

3.3 *Assumptions and uses of estimates*

The preparation of the interim consolidated financial statements requires the Board of Management of the Bank make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ resulting in future changes in such provision.

3.4 *Basis of consolidation*

The interim consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the six-month period ended 30 June 2016.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Bank in preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Bank's financial statements for the previous period.

4.2 *Cash and cash equivalents*

Cash and cash equivalents comprise current accounts at the SBV, current deposits and placements with banks with an original maturity of three months or less from the transaction date, securities with recovery or maturity within three months from date of purchase which can be converted into a known amount of cash and do not bear the liquidity risk as at the date of these interim consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Loans to customers

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

4.4 Provision for credit losses

The classification of placements with and loans to other credit institutions, direct investments and entrusted investments in unlisted corporate bonds, loans to customers and entrustments for credit granting (collectively referred to "debts") is made in compliance with the quantitative method prescribed in Article 10 of Circular 02.

Specific provision as at 30 June is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the loan classification results as at 31 May. The specific provision rates for each group are presented as follows:

Group		Overdue Status	Provision rate
1	Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests;	0%
2	Special mention	(a) Debts are overdue for a period of between 10 days and 90 days; or (b) Debts of which the repayment terms are restructured for the first time	5%
3	Sub Standard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Debts of which the repayment terms are extended for the first time; or (c) Debts of which interests are exempted or reduced because customers do not have sufficient capability to pay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: ▪ Debts made in non-compliance with Clauses 1, 3, 4, 5, 6, Article 126 of the Law on Credit Institutions ; or ▪ Debts made in non-compliance with Clauses 1, 2, 3, 4, Article 127 of the Law on Credit Institutions; or ▪ Debts made in non-compliance with Clauses 1, 2 and 5 of Article 128 of the Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions.	20%

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 *Provision for credit losses* (continued)

Group		Overdue Status	Provision rate
4	Doubtful	(a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts of which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts of which the repayment terms are restructured for the second time; or (d) Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period of up to 60 days since the recovery date as required by regulatory inspection conclusions.	50%
5	Loss	(a) Debts are overdue for a period of more than 360 days; or (b) Debts of which the repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts of which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts of which the repayment terms are restructured for the third time or more, disregard of being overdue or not; or (e) Debts are specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches of which capital and assets are blocked.	100%

Where a customer has more than one debt with the Bank and any of the outstanding debts is classified into a higher risk group, the Bank has to classify the entire remaining debts of that customer into the corresponding higher risk group.

When the Bank participates in a syndicated loan as a participant, it classifies loans (including syndicated loans) of the customer into a higher of the risk group assessed by the leading bank and by the Bank.

The basis for determination of the value and discounted value for each type of collateral is specified in Circular 02.

General provision as at 30 June is made at 0.75% of total outstanding loans excluding placements with and loans to other credit institutions and loans classified as loss (group 5) as at 31 May.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Securities held for trading*

Securities held for trading include debt securities, equity securities and other securities acquired and held for the purpose of reselling within one year to gain profit on price variances.

Securities held for trading are initially recognized at the cost of acquisition and subsequently measured at the lower of the book value and the market value. Gains or losses from sales of trading securities are recognized in the interim consolidated income statement.

Interest and dividends derived from securities held for trading are recognized on a cash basis in the interim consolidated income statement.

Provision for credit losses of corporate bonds, which are not listed on the stock market or not registered on the unlisted public companies market, is made in accordance with Circular 02 as described in *Note 4.4*.

4.6 *Available-for-sale securities*

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

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods.

Available-for-sale debt securities are recognized at par value at the purchase date. Accrued interest (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) is recognized in a separate account. Discount/premium, which is the difference between the cost and the amount being the par value plus (+) accrued interest (if any) or minus (-) deferred interest (if any) is also recognized in a separate account.

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the interim consolidated income statement on a straight-line basis over the remaining term of securities. The interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest; cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. The interest received in advance is amortized into the securities investment interest income on a straight-line basis over the term of securities investment.

Available-for-sale securities are subject to impairment review on a periodical basis.

Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular No. 228/2009/TT-BTC. In case market prices of securities are not available or cannot be determined reliably, no provision is required. Provision is recognized in the "*Net gain/(loss) from investment securities*" account of the interim consolidated income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 *Available-for-sale securities* (continued)

Provision for credit losses of corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 as described in *Note 4.4*.

4.7 *Held-to-maturity investment securities*

Special bonds issued by VAMC

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

During the holding period, the Bank annually calculates and makes allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 of the SBV amending and supplementing some articles of Circular No. 19/2013/TT-NHNN stipulating purchase, sale and bad debt written-off of VAMC.

In accordance with Circular No. 14/2015/TT-NHNN, each year within 5 consecutive working days prior to the maturity date of special bonds, the Bank is obliged to fully make specific provision for each special bond using the below formula:

$$X_{(m)} = \frac{Y}{n} \times m - (Z_m + X_{m-1})$$

In which:

- $X_{(m)}$: minimum provision for special bonds in the mth year;
- X_{m-1}: accumulated specific provision for special bonds in the $m\text{-}1^{th}$ year;
- Y: face value of special bonds;
- n: term of special bonds (years);
- m: number of years from the bond issuance date to the provision date;
- Z_m: accumulated bad debt recoveries at the provision date (m^{th} year). Credit institutions should co-operate with VAMC to determine the recovery of the bad debts.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Held-to-maturity investment securities* (continued)

Other held-to-maturity securities

Held-to-maturity securities are debt securities purchased by the Bank for the investment purpose of earning interest and the Bank has the capability and intention to hold these investments until maturity. Held-to-maturity securities have the determined value and maturity date. In case the securities are sold before the maturity date, the remaining portfolio of these securities will be reclassified to securities held for trading or available-for-sale securities.

Held-to-maturity securities are recorded and measured identical to debt securities available-for-sale and presented at *Note 4.6*.

4.8 *Other long-term investments*

Other long-term investments are investments in other entities in which the Bank holds less than or equal to 11% of voting rights. These investments are initially recorded at cost at the investment date.

For securities which are not listed but are registered for trading on unlisted public company market (UPCOM), provision for diminution in value is made when their registered price for trading is lower than the carrying value of the securities at the end of accounting period.

In other cases, provision for diminution in the value of investment is made when the investee suffers loss, except that such loss had been forecasted in the investee's business plan before the investment was made. Provision for diminution in the value of investment is made using the below formula:

$$\text{Provision for diminution in value of each investment} = \text{Total invested amount of all parties in the entity} - \text{Owners' equity of the entity} \times \frac{\text{Invested amount of each party}}{\text{Total invested amount of all parties in the entity}}$$

Provision is reversed when the recoverable amount of the investment increases after the provision is made. Provision is reversed up to the gross value of the investment before the provision is made.

4.9 *Receivables*

4.9.1 *Receivables classified as credit bearing assets*

Receivables classified as credit bearing assets are recognized at cost. Doubtful receivables are classified and provided for allowance by the Bank in accordance with the regulations on recognition and use of provision to write off the credit risk as presented in *Note 4.4*.

4.9.2 *Other receivables*

Receivables other than receivables from credit activities in the Bank's operations are recognized at cost.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 *Receivables* (continued)

4.9.2 Other receivables (continued)

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are not due for payment yet, however, the corporate debtors have bankruptcy or are in the process of dissolution, or of individual debtors who are missing, escaped, prosecuted, on trial or deceased. Provision expense incurred is recorded in "Other operating expenses" of the consolidated income statement.

Provision for overdue debts is made in accordance with Circular No. 228/2009/TT-BTC as follows:

Overdue status	*Allowance rate*
From over six (06) months up to one (01) year	30%
From one (01) to under two (02) years	50%
From two (02) to under three (03) years	70%
From three (03) years and above	100%

4.10 *Prepaid expenses*

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

4.11 *Fixed assets*

Fixed assets are stated at cost less accumulated depreciation or amortization.

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

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the interim consolidated income statement.

When assets are sold or liquidated, their cost and accumulated depreciation are deducted from the interim consolidated balance sheet item and any gains or losses resulting from their disposal are recorded to the interim consolidated income statement.

4.12 *Depreciation and amortization*

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

Buildings and structure	5 - 40 years
Motor vehicles	8 years
Machineries and equipment	3 - 10 years
Computer software	3 - 7 years

4.13 *Investment properties*

Investment properties are stated at cost including related transaction fees less accumulated amortization.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 *Investment properties* (continued)

Expenses related to investment property incurred after initial recognition are accounted from the remaining value of the investment property when the Bank have the ability to obtain the economic benefits in future more than the initial assessment of the investment properties.

Investment properties are no longer recognized and presented in the interim consolidated balance sheet after selling or after the investment property is no longer used and considered no economic benefit in future from the disposal of the investment property. The difference between the net proceeds from disposal of the investment property with its remaining value is recognized in operating results in the period.

The transfer of property from the owner used to investment properties only if there is a change in the purpose of using as the owners stop using the properties and begin operating lease to another party or at the end of the construction phase. The transfer from investment property to owners used only when there is a change in use, such as the case of the owners start to use this asset or initiated for the purpose of sale.

4.14 *Operating lease*

Rentals under operating lease are charged in "*Other operating expenses*" of the interim consolidated income statement on a straight-line basis over the term of the lease.

4.15 *Recognition of income and expense*

Interest income and expenses are recognized in the interim consolidated income statement on an accrual basis using the nominal interest rates. The recognition of accrued interest income of a loan is suspended when such loan is classified in groups 2 to 5 in compliance with Circular 02. Suspended interest income is reversed and monitored off-balance sheet and recognized in the interim consolidated income statement upon actual receipt.

Fees and commissions are recognized on an accrual basis.

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

According to Circular No. 09/2015/TT-NHNN, the difference between the prices of debts purchased or sold and their book value is recorded as follows:

- For debts recorded in the interim consolidated balance sheet:
  - If the sale price is higher than the book value of the debt, the difference shall be recorded in the interim consolidated income statement of the Bank.
  - If the purchase or sale price is lower than the book value of the debt, the difference shall be used to offset against the indemnity paid by an individual or guarantor (in case such individual or guarantor is determined to be responsible for the damage and obliged to make indemnity under prevailing regulations), or the compensation paid by the insurer, or use of outstanding provision recognized as expense previously. The remaining balance (if any) shall be recognized as an operating expense of the Bank in the period.
- For debts written off and monitored off balance sheet, the proceeds from sale of debts shall be recognized as other income of the Bank.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Recognition of income and expense (continued)

Book value of debts purchased and sold is the book value of the principal, interest and related financial obligations (if any) of debts recorded in the balance sheet or off the balance sheet at the date of debt purchase or sale; or the book value at the date of writing-off of debts; or the book value of debts written off previously at the date of debt purchase and sale.

Debt purchase and sale price is the sum of money to be paid by a debt purchaser to a debt seller under a debt purchase and sale contract.

4.16 Foreign currency transactions

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the interim consolidated balance sheet date *(Note 33)*. Income and expenses arising in foreign currencies during the period are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and monitored in the "*Foreign exchange differences*" under "*Owners' equity*" in the interim consolidated balance sheet and will be transferred to the consolidated income statement at the end of the financial year.

4.17 Payables and accruals

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

4.18 Deposits from banks, customer deposits and valuable papers issued

Deposits from banks, customer deposits and valuable paper issued are disclosed at the principal amounts outstanding at the date of the interim consolidated financial statements.

4.19 Corporate income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (or recovered from) the taxation authorities – using the tax rates and tax laws are applied and enacted at the interim consolidated balance sheet date.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 *Corporate income taxes* (continued)

Deferred tax

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

Deferred tax payable is recognized for temporary taxable differences.

Deferred corporate income tax assets are recognized for deductible temporary differences, deductible amounts carried over to subsequent periods of taxable losses, and unused tax credits when it is probable that there will be sufficient future taxable profit to use deductible temporary differences, taxable losses and tax credits. Deferred tax assets and deferred tax payable are determine on the basis of expected tax rates applied for the six-month accounting period when the assets are recovered or liabilities are settled and on basis of effective an applicable tax rates and tax laws at the end of accounting period.

4.20 *Classification for off-balance-sheet commitments*

According to Circular 02, credit institutions should classify guarantees, payment acceptances and non-cancelable loan commitments with specific effective date (generally called "*off-balance sheet commitments*") in compliance with Article 10, Circular 02 for management and monitoring of credit quality. Off-balance sheet commitments are classified into groups which are *Current, Special Mention, Substandard, Doubtful* and *Loss* based on the overdue status and other qualitative factors.

4.21 *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the interim consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset financial assets against financial liabilities or vice-versa, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.22 *Derivatives*

The Bank involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, modify or minimize foreign exchange risk or other market risks, and also for the business purpose of the Bank.

Currency forward contracts

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognized at nominal value at the transaction date and are revalued for the reporting purpose at the exchange rate at the reporting date. Gains or losses realized or unrealized are recognized in the "*Foreign exchange differences*" under "*Owners' equity*" in the consolidated balance sheet and will be transferred to the consolidated income statement at the end of the financial year.

Swap contracts

The swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on the notional principal amount or commitments to settle interest based on a floating rate or a fixed rate calculated on the notional amount and in a given period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 *Derivatives* (continued)

Swap contracts (continued)

The currency swap contracts are revalued periodically. Gains or losses realized or unrealized are recognized in the *"Foreign exchange differences"* under *"Owner's equity"* in the consolidated balance sheet and will be transferred to the consolidated income statement at the end of the financial year.

Differences in interest rate swaps are recognized in the interim consolidated income statement on an accrual basis.

4.23 *Employee benefits*

4.23.1 Post - employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency which belongs to the Ministry of Labor and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 18% of an employee's basic salary on a monthly basis. Other than that, the Bank has no further obligation relating to post-employment benefits.

4.23.2 Voluntary resignation benefits

The Bank has the obligation, under Section 48 of the Vietnam Labor Code 10/2012/QH13 effective from 1 May 2013, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). From 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date.

4.23.3 Unemployment insurance

According to Circular No. 32/2010/TT-BLĐTBXH providing guidance for Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance.

4.24 *Statutory reserves*

Reserves of the Bank

The Bank is required to make the following statutory reserves in compliance with Law on Credit Institutions No. 47/2010/QH12, Decree No. 57/2012/ND-CP and its Charter.

	Basic for calculation	*Maximum balance*
Capital supplementary reserve	5% from profit after tax	100% of charter capital
Financial reserve	10% from profit after tax	25% of charter capital

Other funds are created at the discretion of the Annual General Meetings.

These reserves are created annually based on the annual separate financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 *Statutory reserves* (continued)

Reserves of subsidiaries

Reserves of VPBank Asset Management Company Limited

According to Circular No. 27/2002/TT-BTC issued by the Ministry of Finance dated 22 March 2002, VPBank Asset Management Company Limited ("VPB AMC") is required to make appropriation of profit to reserves in a similar way to the Bank.

Reserves of VPBank Finance Company Limited ("VPB FC")

According to Decree No. 57/2012/ND-CP dated 20 July 2012 issued by the Government of Vietnam which replaces Decree No. 146/2005/ND-CP dated 23 November 2005, VPB FC is required to make appropriation of profit to reserves in a similar way to the Bank.

4.25 *Business combinations and goodwill*

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

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Bank's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the interim consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized three (03) years on a straight-line basis.

5. SECURITIES HELD FOR TRADING

5.1 *Debt securities*

	30 June 2016 VND million	*31 December 2015 VND million*
Government securities	1,078,042	1,324,317
Securities issued by other credit institutions	716,406	722,418
In which: Bonds guaranteed by the Government	*268,906*	*529,214*
	1,794,448	**2,046,735**
Provision for securities held for trading	-	(3,088)
	1,794,448	**2,043,647**

5. SECURITIES HELD FOR TRADING (continued)

5.2 *Securities held for trading by listing status*

	30 June 2016 VND million	*31 December 2015 VND million*
Listed	1,710,075	2,046,735
Unlisted	84,373	-
	1,794,448	**2,046,735**

6. DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	Total contract nominal value (at contractual exchange rate) VND million	*Total carrying value (at exchange rate as at reporting date) Assets VND million*	*Liabilities VND million*	*Net value VND million*
As at 30 June 2016				
Derivative financial instruments	***21,743,353***	***21,395,252***	***(21,691,510)***	***(296,258)***
Foreign exchange forward contracts	10,337,487	10,191,826	(10,294,087)	(102,261)
Foreign exchange swap contracts	11,405,866	11,203,426	(11,397,423)	(193,997)
Other derivatives financial instruments	***107,050***	***111,400***	***(107,050)***	***4,350***
	21,850,403	**21,506,652**	**(21,798,560)**	**(291,908)**
As at 31 December 2015				
Derivative financial instruments	***30,504,434***	***29,872,496***	***(30,006,656)***	***(134,160)***
Foreign exchange forward contracts	12,191,830	11,919,271	(12 040,579)	(121,308)
Foreign exchange swap contracts	18,312,604	17,953,225	(17,966,077)	(12,852)
Other derivatives financial instruments	***107,050***	***109,450***	***(107,050)***	***2,400***
	30,611,484	**29,981,946**	**(30,113,706)**	**(131,760)**

7. LOANS TO CUSTOMERS

	30 June 2016 VND million	*%*	*31 December 2015 VND million*	*%*
Loans to local economic entities and individuals	117,382,000	99.36	116,166,919	99.46
Discounted bills and valuable papers	91,015	0.08	22,893	0.02
Payments on behalf of customers	1,382	0.00	3,522	0.00
Loans financed by entrusted funds	629,687	0.53	564,143	0.48
Loans to foreign economic entities and individuals	31,743	0.03	46,770	0.04
	118,135,827	**100**	**116,804,247**	**100**

Interest rates of loans to customers at the end of the period are as follows:

	30 June 2016 % per annum	*31 December 2015 % per annum*
In VND	3.00% - 13.50%	3.00% - 14.00%
In foreign currencies	1.50% - 4.50%	1.60% - 5.00%

7.1 Analysis of loan portfolio by quality

	30 June 2016 VND million	*31 December 2015 VND million*
Current	107,170,568	106,713,646
Special mention	7,454,483	6,945,556
Substandard	1,519,034	1,268,015
Doubtful	944,606	523,016
Loss	1,047,136	1,354,014
	118,135,827	**116,804,247**

7.2 Analysis of loan portfolio by original maturity

	30 June 2016 VND million	*31 December 2015 VND million*
Short term loans	28,366,062	32,497,945
Medium term loans	58,578,454	56,545,821
Long term loans	31,191,311	27,760,481
	118,135,827	**116,804,247**

8. PROVISION FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Provision for credit losses on the interim consolidated balance sheet at the end of the period comprises of the following:

	30 June 2016 VND million	*31 December 2015 VND million*
General provision	863,116	813,948
Specific provision	937,411	927,826
	1,800,527	**1,741,774**

Changes in provision for credit losses during the six-month period ended 30 June 2016 are as follows:

	General provision VND million	*Specific provision VND million*	*Total VND million*
Opening balance as at 1 January 2016	813,948	927,826	1,741,774
Provision charged	49,168	3,230,056	3,279,224
Provision decreased relating to the sale of debts to VAMC	-	(43,098)	(43,098)
Provision used to write off bad debts	-	(3,177,373)	(3,177,373)
Closing balance as at 30 June 2016	**863,116**	**937,411**	**1,800,527**

Changes in provision for credit losses of loans to customers during the six-month period ended 30 June 2015 are as follows:

	General provision VND million	*Specific provision VND million*	*Total VND million*
Opening balance as at 1 January 2015	573,535	549,605	1,123,140
Provision charged	133,583	1,058,614	1,192,197
Provision decreased relating to the sale of debts to VAMC	-	(87,175)	(87,175)
Provision used to write off bad debts	-	(988,167)	(988,167)
Closing balance as at 30 June 2015	**707,118**	**532,877**	**1,239,995**

9. INVESTMENT SECURITIES

9.1 *Available-for-sale securities*

	30 June 2016 VND million	*31 December 2015 VND million*
Debt securities	**52,737,197**	**43,950,621**
Government bonds	23,458,012	21,024,986
Bonds issued by other domestic credit institutions	16,208,828	12,787,075
In which: Bonds guaranteed by the Government	*12,318,500*	*9,736,500*
Bonds issued by local economic entities	13,070,357	10,138,560
Equity securities	**15,357**	**15,357**
Equity securities issued by local economic entities	15,357	15,357
Provision for available-for-sale securities	**(184,931)**	**(174,833)**
Provision for diminution in the value of available-for-sale securities	(2,654)	-
General provision	(127,994)	(107,133)
Specific provision	(54,283)	(67,700)
	52,567,623	**43,791,145**

Government bonds have terms from 16 months to 15 years and bear interest at rates ranging from 5% to 12.5% per annum (31 December 2015: terms of 8 months to 15 years, interest rates ranging from 5% to 13.2% per annum).

Debt securities issued by domestic credit institutions have terms from 1 year to 10 years and bear interest at rates ranging from 5.7% to 12.25% per annum (31 December 2015: terms from 7 months to 10 years, interest rates ranging from 5.9% to 12.7% per annum).

Debt securities issued by local economic entities have terms from 1 year to 6 years and bear interest at rates ranging from 6.0% to 12.9% per annum (31 December 2015: terms from 1 year to 5 years, interest rates ranging from 6.0% to 15% per annum).

Face value of bonds which are pledged for capital mobilization contracts as at 30 June 2016 amounted to VND11,512,032 million (31 December 2015: VND9,166 032 million).

9.2 *Held-to-maturity securities*

Held-to-maturity securities include special bonds issued by VAMC

	30 June 2016 VND million	*31 December 2015 VND million*
Special bonds issued by VAMC	3,722,081	4,520,639
Provision for held-to-maturity securities	(551,700)	(566,946)
	3,170,381	**3,953,693**

9. INVESTMENT SECURITIES (continued)

9.3 *Provision for investment securities*

Movement of provision for impairment of investment securities during the period is as follows:

	Available-for-sale securities VND million	*Held-to-maturity securities VND million*	*Total VND million*
Opening balance	174,833	566,946	741,779
Provision charged/ (reversed) during the period	10,098	(15,246)	(5,148)
Closing balance	**184,931**	**551,700**	**736,631**

10. LONG-TERM INVESTMENTS

	30 June 2016			*31 December 2015*		
	Cost VND million	*Carrying value VND million*	*% Owner-ship*	*Cost VND million*	*Carrying value VND million*	*% Owner-ship*
Investments in economic entities						
ITRACO Transportation Joint Stock Company	21	-	0.64%	21	-	0.64%
Dong Xuan Join Stock Company	5,000	5,000	10.00%	5,000	5,000	10.00%
Banking Training and Consultancy Joint Stock Company (BTC)	371	371	4.30%	371	371	4.30%
Vietnam Credit Information Joint Stock Company (PCB)	3,934	1,767	3.28%	3,934	3,482	3.28%
Sai Gon Port Joint Stock Company	185,276	157,682	7.44%	185,276	185,276	7.44%
VPBank Securities Joint Stock Company (VPBS)	104,770	104,770	11.00%	104,770	104,770	11.00%
Petro Vietnam Oil Central Joint Stock Company	7,705	7,705	5.50%	7,705	7,705	5.50%
Thinh An Security Guard Service Joint Stock Company	-	-	-	550	-	11.00%
	307,077	**277,295**		**307,627**	**307,154**	
Provision for other long-term investments	(29,782)			(473)		
	277,295			**307,154**		

11. OTHER ASSETS

11.1 *Receivables*

	30 June 2016 VND million	*31 December 2015 VND million*
Internal receivables	79,767	46,104
External receivables	4,457,727	1,918,724
Construction in progress	28,667	21,145
	4,566,161	**1,985,973**

External receivables mainly include receivables from LC UPAS contracts (VND1,926,166 million), deposits for economic contracts (VND1,381,779 million), overdue deposits classified as credit risk bearing assets; and other external receivables.

11.2 *Accrued interest and fee receivables*

	30 June 2016 VND million	*31 December 2015 VND million*
Interest receivable from deposits	4,651	11,904
Interest receivable from investment securities	1,765,779	1,675,724
Interest receivable from credit activities	2,216,756	2,276,522
Interest receivable from derivative instruments	132,755	163,048
Interest receivable from entrusted investments	5,625	6,565
	4,125,566	**4,133,763**

11.3 *Other assets*

	30 June 2016 VND million	*31 December 2015 VND million*
Materials	11,388	10,332
Prepaid expenses	978,780	928,885
Foreclosed assets (i)	1,929,387	1,934,353
- *Real estates*	*1,929,387*	*1,934,353*
Receivable from entrusted investment contracts (ii)	887,150	887,150
Goodwill	24,969	37,453
Other assets	3,700	1,696
	3,835,374	**3,799,869**

(i) This represents the value of foreclosed assets which are under pending resolutions in compliance with the SBV's prevailing regulations.

(ii) This includes VND750,150 million entrusted to a fund management company to purchase bonds with term of 62 months and yield received based on actual operating results with no collaterals and VND137,000 million entrusted to another credit institution with term of 10 years (from 23 April 2011 to 23 April 2021) and entrustment fee rate of 1.34% per annum.

11. OTHER ASSETS (continued)

11.4 Provision for other assets

Provision for other assets includes provision for bad debts and general provision for entrusted investments. Changes in provision for other assets during the period are as follows:

	For the six-month period ended 30 June 2016 VND million	*For the six-month period ended 30 June 2015 VND million*
Opening balance	232,062	255,397
Provision made/ (reversed) during the period	32,328	(40,826)
In which:		
Provision made for doubtful receivables	-	*1,400*
Provision made/ (reversed) for other credit risk bearing assets (Note 25)	*32,328*	*(42,226)*
Closing balance	**264,390**	**214,571**

Details of provision for other assets are as follows:

	30 June 2016 VND million	*31 December 2015 VND million*
Provision for credit risks bearing assets	262,739	230,411
- *General provision* (i)	*6,654*	*5,626*
- *Specific provision* (ii)	*256,085*	*224,785*
Provision for doubtful debts	838	838
Provision for other risks	813	813
	264,390	**232,062**

(i) General provision is made for entrusted investment contract to purchase unlisted bonds and entrusted investment contract at other credit institutions.

(ii) Specific provision is made for the overdue deposits that have been reclassified into credit risk bearing assets and for entrusted investment contract at other credit institutions.

12. GOODWILL

	30 June 2016 VND million	*31 December 2015 VND million*
Total value of goodwill	**74,905**	**74,905**
Amortized period	**3 years**	**3 years**
Value of accumulated amortized goodwill at the beginning of the period	(37,452)	(12,484)
Value of unamortized goodwill at the beginning of the period	37,453	62,421
Increase in goodwill during the period	-	-
Goodwill arise during the period	-	-
Adjustment due to changes in determinable value of assets and liabilities	-	-
Decrease in goodwill during the period	**(12,484)**	**(24,968)**
Decrease in goodwill due to disposal, sale of part or entirety of subsidiaries	-	-
Goodwill amortized during the period	(12,484)	(24,968)
Other decrease in goodwill	-	-
Total value of unamortized goodwill at the end of the period	**24,969**	**37,453**

13. AMOUNT DUE TO THE STATE BANK OF VIETNAM

	30 June 2016 VND million	*31 December 2015 VND million*
Borrowings from the SBV		
Discount, rediscount of valuable papers	-	4,819,153
Other borrowings	24,020	1,910
	24,020	**4,821,063**

14. DEPOSITS AND BORROWING FROM OTHER CREDIT INSTITUTIONS

14.1 Deposits from other credit institutions

	30 June 2016 VND million	*31 December 2015 VND million*
Demand deposits	**1,035,873**	**44,501**
In VND	1,034,511	43,400
In foreign currencies	1,362	1,101
Term deposits	**12,864,190**	**9,558,662**
In VND	10,465,000	8,775,000
In foreign currencies	2,399,190	783,662
	13,900,063	**9,603,163**

14. DEPOSITS AND BORROWING FROM OTHER CREDIT INSTITUTIONS (continued)

14.2 Borrowings from other credit institutions

	30 June 2016 VND million	*31 December 2015 VND million*
In VND	8,479,940	7,776,807
In which: Discounted valuable papers	*5,805,132*	*3,375,026*
In foreign currencies	7,334,271	384,460
	15,814,211	**8,161,267**

Interest rates of deposits and borrowings from other credit institutions at the end of the period are as follows:

	30 June 2015 % per annum	*31 December 2015 % per annum*
Term deposit from other credit institutions in VND	0.80% - 5.20%	3.70% - 8.70%
Term deposit from other credit institutions in foreign currencies	0.50% - 1.20%	0.10% - 1.00%
Borrowing from other credit institutions in VND	1.80% - 8.80%	4.30% - 5.95%
Borrowing from other credit institutions in foreign currencies	0.50% - 7.15%	0.75% - 2.09%

15. CUSTOMER DEPOSITS

	30 June 2016 VND million	*31 December 2015 VND million*
Demand deposits	13,794,508	12,568,456
- *Demand deposits in VND*	*10,066,229*	*11,824,753*
- *Demand deposits in foreign currencies*	*3,728,279*	*743,703*
Term deposits	104,215,525	117,162,064
- *Term deposits in VND*	*98,426,113*	*106,514,016*
- *Term deposits in foreign currencies*	*5,789,412*	*10,648,048*
Deposits for specific purpose	112,537	122,541
- *Deposits for specific purpose in VND*	*103,151*	*110,247*
- *Deposits for specific purpose in foreign currencies*	*9,386*	*12,294*
Margin deposits	476,879	417,609
- *Margin deposits in VND*	*449,064*	*378,453*
- *Margin deposits in foreign currencies*	*27,815*	*39,156*
	118,599,449	**130,270,670**

15. CUSTOMERS DEPOSITS (continued)

Interest rates for customer deposits at the end of the period are as follows:

	30 June 2016 % per annum	*31 December 2015 % per annum*
Demand deposits in VND	0.50%	0.50%
Demand deposits in foreign currencies	0.00%	0.00%
Term deposits in VND	1.00% - 11.50%	1.00% - 10.25%
Term deposits in foreign currencies	0.00% - 3.00%	0.00% - 2.00%

16. VALUABLE PAPERS ISSUED

	30 June 2016 VND million	*31 December 2015 VND million*
Under 12 months	7,467,909	3,010,175
From 12 months up to 5 years	22,540,988	14,869,766
From 5 years and above	3,980,000	3,980,000
	33,988,897	**21,859,941**

Valuable papers of the Bank consist of certificates of deposits and bonds which bear interest at rates ranging from 5.0% to 12.75% per annum (31 December 2015: from 5.0% to 12.75% per annum).

17. OTHER LIABILITIES

17.1 Interest and fee payables

	30 June 2016 VND million	*31 December 2015 VND million*
Interest payable for term deposits from customers	624,693	748,249
Interest payable for savings from customers	1,073,139	1,217,873
Interest payable for valuable papers issued	1,117,333	630,356
Interest payable for borrowings from other credit institutions	49,934	75,081
Interest payable for other borrowed and entrusted fund	288	76
Interest payable for derivative instruments	40,140	118,815
Fee payable	16,924	14,290
	2,922,451	**2,804,740**

17. OTHER LIABILITIES (continued)

17.2 *Other liabilities*

	30 June 2016 VND million	*31 December 2015 VND million*
Internal payables	**316,187**	**764,054**
Payables to employees	316,187	764,054
External payables	**2,159,020**	**1,687,660**
Deferred incomes	57,560	28,779
Transfer payment awaiting settlement	130,141	36,567
Tax and other obligations to the State Budget (*Notes 18*)	176,573	301,576
Other payables (*)	1,794,746	1,320,738
	2,475,207	**2,451,714**

(*) Other payables mainly include early loan repayments and other payables.

18. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Opening balance VND million	*Movements during the period*		*Closing balance VND million*
		Payables VND million	*Paid VND million*	
Corporate income tax	268,556	321,510	(439,218)	150,848
Value added tax	13,573	64,304	(65,628)	12,249
Other taxes	19,447	113,374	(119,345)	13,476
	301,576	**499,188**	**(624,191)**	**176,573**

18. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET (continued)

18.1 Current corporate income tax

From 1 January 2016, the Bank has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits according to Circular No. 78/2014/TT-BTC which became effective from 2 August 2014 (in 2015, corporate income tax rate is 22%).

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

Current corporate income tax payables are determined based on taxable income of the period. Taxable income differs from the one reported in the interim consolidated income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior periods due to the differences between the Bank's accounting policies and the tax regulations. It also excludes tax exempted income and non-deductible expenses. The current corporate income tax payable of the Bank is calculated based on the statutory tax rates applicable at the period-end.

Provision for current income tax expense is computed as follows:

	For the six-month period ended 30 June 2016 VND million	*For the six-month period ended 30 June 2015 VND million*
Profit before tax	**1,575,883**	**1,111,619**
Plus/(Minus)		
- Tax-exempt income	-	(3,167)
- Loss of subsidiaries	14,271	-
- Non-deductible expenses	1,254	12,583
- Expenses arising from consolidation	14,921	1,539
Estimated taxable income	**1,606,329**	**1,122,574**
CIT expenses	321,266	246,966
Adjustment CIT payable in previous periods	244	-
Total CIT expenses in the period	**321,510**	**246,966**
CIT payable at the beginning of the period	**268,556**	**73,479**
Adjustment CIT payable in previous periods	-	26
CIT paid during the period	(439,218	(167,658)
Current income tax payable at the end of the period	**150,848**	**152,813**

18.2 Deferred income tax

No deferred tax was recognized during the period since there was no temporary material difference between the carrying value and the tax base of assets and liabilities in the interim consolidated financial statements.

19. OWNERS' EQUITY AND RESERVES

19.1 *Statement of changes in equity*

	Charter capital VND million	*Share premium VND million*	*Other capital VND million*	*Capital Supplementary reserve VND million*	*Financial reserve VND million*	*Investment and development fund VND million*	*Foreign exchange difference VND million*	*Retained earnings VND million*	*Non-controlling interest VND million*	*Total VND million*
Balance as at 1 January 2015	**6,347,410**	**1,369**	**-**	**107,471**	**433,875**	**35**	**-**	**2,090,130**	**5**	**8,980,295**
Net profit for the period	-	-	-	-	-	-	-	2,395,868	-	2,395,868
Issuance of bonus shares	44,350	-	-	(44,350)	-	-	-	-	-	-
Capital increased using retained earnings	932,510	-	17,543	(17,543)	-	-	-	(932,510)	-	-
Issuance of preference shares	732,196	1,287,494	-	-	-	-	-	-	-	2,019,690
Appropriations to reserves	-	-	-	152,751	301,376	408,703	-	(862,830)	-	-
Adjustment from divestment of subsidiaries	-	-	(17,543)	-	(17,543)	-	-	28,160	(5)	(6,931)
Transfer of the financial reserve to investment and development fund	-	-	-	-	(28,750)	28,750	-	-	-	-
Balance as at 31 December 2015	**8,056,466**	**1,288,863**	**-**	**198,329**	**688,958**	**437,488**	**-**	**2,718,818**	**-**	**13,388,922**
Net profit for the period	-	-	-	-	-	-	-	1,254,373	-	1,254,373
Issuance of bonus shares (*)	57,537	-	-	(57,537)	-	-	-	-	-	-
Capital increased using retained earnings (*)	1,066,997	-	-	-	-	-	-	(1,066,997)	-	-
Dividends paid for preference shares	-	-	-	-	-	-	-	(146,439)	-	(146,439)
Appropriations to reserves	-	-	-	-	-	400,580	-	(400,580)	-	-
Foreign exchange differences	-	-	-	-	-	-	(84,797)	-	-	(84,797)
Balance as at 30 June 2016	**9,181,000**	**1,288,863**	**-**	**140,792**	**688,958**	**838,068**	**(84,797)**	**2,359,175**	**-**	**14,412,059**

(*) The Bank increased its charter capital from VND8,056,466,000,000 to VND9,181,000,000,000 by way of stock dividends and bonus shares using the outstanding capital supplementary reserve pursuant to Decision No. 261/QD-NHNN dated 3 March 2016 issued by the SBV, Official Letter No. 321/UBCK-QLPH dated 19 January 2016 issued by the State Securities Commission and Business Registration Certificate with business code No. 0100233583 modified for the 35th time on 9 March 2016 by Hanoi Department of Planning and Development.

19. OWNERS' EQUITY AND RESERVES (continued)

19.2 *Equity*

	30 June 2016		*31 December 2015*	
	Shares	*VND million*	*Shares*	*VND million*
Number of registered shares	918,100,000	9,181,000	805,646,600	8,056,466
Number of shares issued	918,100,000	9,181,000	805,646,600	8,056,466
- Ordinary shares	*844,880,400*	*8,448,804*	*732,427,000*	*7,324,270*
- Preference shares	*73,219,600*	*732,196*	*73,219,600*	*732,196*
Number of shares circulated	918,100,000	9,181,000	805,646,600	8,056,466
- Ordinary shares	*844,880,400*	*8,448,804*	*732,427,000*	*7,324,270*
- Preference shares	*73,219,600*	*732,196*	*73,219,600*	*732,196*

The face value of each share of the Bank is VND10,000.

Preference shares issued by the Bank are preference dividend shares which earn stable annual dividend and have no voting rights. It is expected that after three (3) years since the issuance date, the Bank will repurchase these preference shares as treasury shares or appoint a third party to acquire these preference shares.

20. INTEREST AND SIMILAR INCOME

	For the six-month period ended 30 June 2016 VND million	*For the six-month period ended 30 June 2015 VND million*
Interest income from deposits	90,300	110,192
Interest income from loans to customers	9,586,390	6,453,547
Interest income from trading and investment securities	1,862,934	1,610,628
Income from guarantee activities	54,633	47,801
Other income from credit activities	166,048	85,619
	11,760,305	**8,307,787**

21. INTEREST AND SIMILAR EXPENSES

	For the six-month period ended 30 June 2016 VND million	*For the six-month period ended 30 June 2015 VND million*
Interest expenses for deposits	3,292,508	3,064,410
Interest expenses for borrowings	291,906	188,935
Interest expenses for valuable papers issued	1,328,363	641,491
Expense for other credit activities	39,253	5,137
	4,952,030	**3,899,973**

22. NET (LOSS)/GAIN FROM SECURITIES HELD FOR TRADING

	For the six-month period ended 30 June 2016 VND million	*For the six-month period ended 30 June 2015 VND million*
Income from securities held for trading	15,495	20,589
Expenses for securities held for trading	(102,785)	(12,128)
Provision reversal for securities held for trading	3,088	3,699
Net (loss)/gain from securities held for trading	**(84,202)**	**12,160**

23. NET GAIN FROM INVESTMENT SECURITIES

	For the six-month period ended 30 June 2016 VND million	*For the six-month period ended 30 June 2015 VND million*
Income from trading of investment securities	169,384	194,662
Expenses for trading of investment securities	(41,487)	(90,274)
Provision expenses for investment securities *(Note 9.3)*	(10,098)	(27,116)
Net gain from investment securities	**117,799**	**77,272**

24. OPERATING EXPENSES

	For the six-month period ended 30 June 2016 VND million	*For the six-month period ended 30 June 2015 VND million*
Expenses on taxes	**67,305**	**11,271**
Personnel expenses	**1,461,734**	**1,223,296**
In which:		
Salary and allowances	1,333,585	1,134,788
Expenses related to salary	91,203	75,842
Subsidy	14,924	1,466
Other allowances	22,022	11,200
Expenses on assets	**395,612**	**322,238**
In which: depreciation and amortization of fixed assets	82,657	61,724
Administrative expenses	**290,088**	**217,681**
In which:		
Expenses on per-diem	17,669	14,961
Expenses for social activities of credit institution	16,594	4,556
Provision expenses	**29,309**	**1,400**
Insurance fee for customer deposits	**54,438**	**44,080**
Other administrative expenses	**503,886**	**316,510**
	2,802,372	**2,136,476**

25. PROVISION EXPENSE FOR CREDIT LOSSES

	For the six-month period ended 30 June 2016 VND million	*For the six-month period ended 30 June 2015 VND million*
Reversal of provision for placements with and loans to other credit institutions	-	215,100
Provision expense for loans to customers *(Note 8)*	3,279,224	1,192,197
Provision (reversal)/expense for VAMC bonds *(Note 9.3)*	(15,246)	329,651
Provision expense/(reversal) for other assets *(Note 11.4)*	32,328	(42,226)
	3,296,306	**1,694,722**

26. CASH AND CASH EQUIVALENTS

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

	30 June 2016 VND million	*30 June 2015 VND million*
Cash and cash equivalent on hand	1,751,795	1,266,003
Balances with the SBV	3,508,318	2,009,556
Current accounts at other credit institutions	2,077,419	2,857,972
Placements with other credit institutions with original term of three months or less	2,373,000	5,771,308
Investment securities due within three months from acquisition date	-	1,160,396
	9,710,532	**13,065,235**

27. RELATED PARTY TRANSACTIONS

During normal business operation, the Bank has undertaken transactions with other parties to which the Bank is related. A party is considered to be related if the party has ability to control or to influence other parties in making decision of financial policies and operational activities. A party is related to the Bank if:

(a) Directly, or indirectly through one or more intermediaries, the party:

- Controls, is controlled by, or is under common control by Bank (including parents and subsidiaries);
- Has an interest (owning 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence over the Bank;
- Has joint control over the Bank.

(b) The party is a joint venture in which the Bank is a venture or an associate (owning over 11% of the charter capital or voting share capital, but is not a subsidiary of the Bank);

(c) The party has a member which is the member of the key management personnel of the Bank;

(d) The party is a close member of the family of any individual referred to in (a) or (c); or

27. RELATED PARTY TRANSACTIONS (continued)

(e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such company resides with, directly or indirectly, any individual referred to in (c) or (d).

The Bank does not have any significant transactions and material receivables and payables with related parties as at 30 June 2016 and for the period then ended.

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

	Domestic VND million	*Foreign VND million*	*Total VND million*
Loans to customers and other credit institutions	124,164,815	31,743	124,196,558
Total fund mobilized	179,123,538	3,529,544	182,653,082
Credit commitments	15,842,637	-	15,842,637
Derivative instruments	282,070	9,838	291,908
Trading and investment in securities	58,269,083	-	58,269,083

29. FINANCIAL RISK MANAGEMENT POLICIES

The Bank has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Bank's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and management of capital.

Risk management framework

The Board of Directors ("BOD") has the overall responsibility for establishment and oversight of the Bank's risk management framework. To facilitate this oversight function, the Bank's BOD has established an Assets and Liabilities Committee ("ALCO") and a Risk Committee ("RCO") which are responsible for developing and monitoring key risk management policies for specific areas authorized by the BOD and periodically report to the BOD on their activities. These committees include both permanent and non-permanent members.

The Bank's risk management framework is established to form key principles in managing and controlling significant risks arising from the Bank's activities. Based on this, specific policies and regulations for each type of risk are established to assist the Bank in analyzing and determining appropriate risk limits and control and monitoring measures and ensuring adherence to the limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

29. FINANCIAL RISK MANAGEMENT POLICIES (continued)

29.1 Credit risk

The Bank is subject to credit risk through its lending and investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The risk that counterparties might default on their obligations is monitored on an ongoing basis. The Bank's primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the interim consolidated balance sheet. In addition, the Bank is exposed to off balance sheet credit risk through commitments to extend credit and guarantees issued.

Credit risk management

Credit risk is the one that exerts the largest impact on the Bank's income and capital. The Bank has established a credit risk appetite on the basis of managing credit activities in a prudent manner and in compliance with pre-determined limits including the credit concentration risk limits and adhering to the Bank's risk tolerance. In principle, the Bank refuses to get involved in credit activities or credit products until sufficient understanding of such and appropriate control measures are obtained. To keep credit risks under control, the Bank's policy is to engage in transactions with reliable partners, and request its partners to take guarantee measures as and when required.

The credit risk management system is operated based on the principles of independence and centralization. Accordingly, the development of risk management policies, determination of risk limits and risk monitoring, risk reporting and risk control are implemented independently and centrally at the Risk Management Division. The reports from the Risk Management Division are a basis for RCO to issue key credit decisions.

The Bank measures credit risks, make allowances and comply with safe ratios for loan and advances to customers and to other credit institutions in accordance with relevant regulations of the SBV.

The Bank's overall approach to credit risk is a risk based approach. Accordingly, credit approval or credit valuation decisions as well as the behavioral methods in monitoring and classifying credits and controlling credit risks are being designed following the risk levels of customers. To this end, key activities being implemented by the Bank include the followings:

- Focusing on completion of data infrastructure used for developing credit rating and risk classification systems in accordance with international standards;
- Developing and completing the credit rating system and the scorecard system;
- Gathering and reviewing credit policies/documents of the whole system to reassess the integrity and responsiveness to the requirements specified in the policies of Risk Management Framework;
- Completing the credit quality monitoring mechanism for the entire life cycle of a loan;
- Developing an early credit risk warning system; and
- Developing a debt recovery and restructuring system.

29. FINANCIAL RISK MANAGEMENT POLICIES (continued)

29.1 *Credit risk* (continued)

The maximum exposure to credit risk before collaterals or other credit enhancements

The maximum exposure to credit risk relating to financial asset groups, which are equivalent to their carrying values in the interim consolidated balance sheet, are listed below:

	Neither past due nor impaired *VND million*	*Past due but not impaired* *VND million*	*Individually impaired* *VND million*	*Total* *VND million*
Placements with and loans to other credit institutions	10,510,419	-	731	10,511,150
- *Placements with other credit institutions*	*4,450,419*	-	-	*4,450,419*
- *Loans to other credit institutions*	*6,060,000*	-	*731*	*6,060,731*
Trading securities	1,794,448	-	-	1,794,448
Loans to customers	106,831,207	3,236,704	8,067,916	118,135,827
Investment securities	52,893,672	-	3,580,963	56,474,635
- *Available-for-sale investment securities*	*49,171,591*	-	*3,580,963*	*52,752,554*
- *Held-to-maturity investment securities*	*3,722,081*	-	-	*3,722,081*
Other assets	12,159,766	-	367,335	12,527,101
Total	**184,189,512**	**3,236,704**	**12,016,945**	**199,443,161**

This table presents the worst scenario in which the Bank will incur the maximum credit exposures as at 30 June 2016, without taking into account of any collaterals or other credit enhancement.

The Bank's financial assets which are neither past due nor impaired include loans classified as Current loans, except for the loans overdue less than 10 days, under Circular 02; securities, receivables and other financial assets which are not past due and no provision is required under Circular No. 228/TT-BTC and Circular No. 89/2013/TT-BTC. The Bank believes that the Bank has the ability to collect adequately and timely these financial assets in the future.

Financial assets are overdue but not impaired as the Bank is currently holding sufficient collateral assets to offset credit risk in accordance with the SBV's regulations.

The Bank is currently holding collaterals in the forms of real estates, movable assets, valuable papers and other types for the above financial assets. However, it has not been able to determine the fair value of such assets due to insufficient information and unavailability of detail guidance by the SBV and other authorities.

29. FINANCIAL RISK MANAGEMENT POLICIES (continued)

29.2 Market risk

Market risk is the risk that negative changes in prices and market-related values will adversely affect the Bank's income and capital. Some market risks include interest rate risk, currency risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Market risk management

Management of market risks is vested in the Market Risk Department under the Risk Management Division. The Department is responsible for the development of detailed market risk management policies and process, instruments, guidance on market risks management measures, proposing independent market risks limits for review and approval by the Management and controlling market risks limit on daily/monthly basis according to the Bank's regulations.

Since the year 2012, the issued market risk management policy has provided fundamental principles and a system of tools, market risk limits on trading activities (Trading book) and other interest rate risk positions in the Banking Book, with controls such as the Net FX Exposure, Present value of a basis point - PV01, Cash Flow Exposure, Duration gap and maturity gap measurement (using the Repricing Model – Revaluation Gap).

In the future, when required condition of infrastructure and data are available, the Bank will adopt more advanced methods such as Value at Risk (VaR), Monte Carlo model, etc. to accurately measure risks and compute capital to be necessarily allocated for market risk under the Basel II standards.

Market forecasts also play an important role in market risk management. The Market Risk Department in combination with other specialized units gathers and analyzes information and data to generate forecasts regarding potential market movements. Accordingly, the Bank is provided with a sufficient basis for making decisions on effective risk prevention measures.

In the upcoming time, the Bank plans to actively research risk measuring models for financial derivatives in order to ensure the readiness for controlling associated risks when the Bank decides to provide these products in the Vietnamese market.

(a) Interest rate risk

The actual interest rates set by the Bank for loans to customers and customer deposits by maturity and currency are respectively presented in Note 7 and Note 15.

29. FINANCIAL RISK MANAGEMENT POLICIES (continued)

29.2 *Market risks* (continued)

(a) Interest rate risk (continued)

Below table shows an analysis of the interest re-pricing period of assets and liabilities of the Bank as at 30 June 2016.

			Interest re-pricing period						
	Overdue	*Non-interest bearing*	*Up to 1 month*	*From 1 to 3 months*	*From 3 to 6 months*	*From 6 to 12 months*	*From 1 to 5 years*	*Over 5 years*	*Total*
	VND million	*VND million*	*VND million*	*VND million*	*VND million*	*VND million*	*VND million*	*VND million*	*VND million*
Assets									
Cash, gold, gemstones	-	1,751,795	-	-	-	-	-	-	1,751,795
Balances with the State Bank of Vietnam	-	-	3,508,318	-	-	-	-	-	3,508,318
Balances with and loans to other credit institutions - gross	731	-	6,450,419	2,560,000	-	1,500,000	-	-	10,511,150
Securities held for trading - gross	-	-	-	110,770	303,383	-	1,017,167	363,128	1,794,448
Loans to customers - gross	9,677,461	-	43,050,459	19,656,642	14,704,386	12,252,332	18,314,300	480,247	118,135,827
Investment securities - gross	3,580,963	3,737,437	3,685,300	4,821,581	1,427,534	1,774,692	32,147,196	5,299,932	56,474,635
Long-term investment - gross	-	307,077	-	-	-	-	-	-	307,077
Fixed assets and investment properties	-	576,417	-	-	-	-	-	-	576,417
Other assets - gross	367,335	9,448,452	498,983	115,641	1,237,778	858,912	-	-	12,527,101
Total assets	**13,626,490**	**15,821,178**	**57,193,479**	**27,264,634**	**17,673,081**	**16,385,936**	**51,478,663**	**6,143,307**	**205,586,768**
Liabilities									
Amounts due to the SBV	-	-	-	-	1,910	22,110	-	-	24,020
Deposits and borrowings from other credit institutions	-	-	18,262,202	8,140,160	2,447,941	863,971	-	-	29,714,274
Customer deposits	-	-	44,715,766	28,235,743	24,610,532	16,897,269	4,138,964	1,175	118,599,449
Derivatives and other financial liabilities	-	-	58,340	164,600	71,858	(2,890)	-	-	291,908
Other borrowed and entrusted funds	-	-	326,442	-	-	-	-	-	326,442
Valuable paper issued	-	-	1,387,306	4,242,371	8,351,468	8,012,808	11,994,944	-	33,988,897
Other liabilities	-	5,397,658	-	-	-	-	-	-	5,397,658
Total liabilities	**-**	**5,397,658**	**64,750,056**	**40,782,874**	**35,483,709**	**25,793,268**	**16,133,908**	**1,175**	**188,342,648**
Interest sensitivity gap (balance sheet items)	**13,626,490**	**10,423,520**	**(7,556,577)**	**(13,518,240)**	**(17,810,628)**	**(9,407,332)**	**35,344,755**	**6,142,132**	**17,244,120**
Interest sensitivity gap of off-balance sheet items	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest sensitivity gap (on, off- balance sheet items)	**13,626,490**	**10,423,520**	**(7,556,577)**	**(13,518,240)**	**(17,810,628)**	**(9,407,332)**	**35,344,755**	**6,142,132**	**17,244,120**

29. FINANCIAL RISK MANAGEMENT POLICIES (continued)

29.2 *Market risk* (continued)

(a) *Interest rate risk* (continued)

Interest sensitivity

Assuming that all other variables are unchanged, the fluctuation of interest rates of the loans with floating interest rates will have impact on profit before tax and equity of the Bank as follows:

	Assumed increase in interest rate	*Impact on*	
		Profit before tax VND million	*Equity VND million*
As at 30 June 2016			
USD	1.50%	(53,335)	(42,668)
VND	3.00%	(87,013)	(69,611)
As at 31 December 2015			
USD	1.50%	(65,674)	(51,225)
VND	3.00%	39,859	31,090

(b) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam, with VND as its reporting currency. Meanwhile, the Assets – Resources Structure of the Bank includes other currencies (e.g. USD, EUR, AUD, etc.) leading to the currency risk exposure.

Currency risk management

The Bank's management has set limits on positions by currency in accordance with the Bank's internal risk assessment system and the SBV's regulations. The major currency in which the Bank transacts is VND. The Bank's loans and advances were mainly denominated in VND being with the remainder mainly in USD. Some of the Bank's other assets are in currencies other than the reporting currency of VND and USD. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

Exchange rate sensitivity

Assuming that all other variables are unchanged, the table below shows the impact on profit after tax and equity of the Bank due to the changes that may occur by exchange rate. Risks due to the changes of exchange rates to other currencies of the Bank are not significant.

	Assumed level of increase	*Impact on profit after tax VND million*
As at 30 June 2016		
USD	2.00%	(6,077)
As at 31 December 2015		
USD	2.00%	(665)

29. FINANCIAL RISK MANAGEMENT POLICIES (continued)

29.2 *Market risks* (continued)

(b) *Currency risk* (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 30 June 2016:

	EUR equivalent VND million	*USD equivalent VND million*	*Gold equivalent VND million*	*Other currencies equivalent VND million*	*Total VND million*
Assets					
Cash, gold, silver and gemstones	86,015	383,304	200,627	239,426	909,372
Balances with the State Bank of Vietnam	-	563,419	-	-	563,419
Placements with and loans to other credit institutions	99,545	377,619	-	201,434	678,598
Loans to customers	-	2,487,440	-	-	2,487,440
Other assets	23,154	2,201,056	-	44,663	2,268,873
Total assets	**208,714**	**6,012,838**	**200,627**	**485,523**	**6,907,702**
Liabilities					
Deposits and borrowings from the SBV and other credit institutions	72,222	9,662,601	-	-	9,734,823
Customer deposits	525,220	8,576,516	-	453,156	9,554,892
Derivatives and other financial liabilities	(390,936)	(11,949,634)	-	(9,664)	(12,350,234)
Other liabilities	4,094	95,584	-	3,002	102,680
Total liabilities	**210,600**	**6,385,067**	**-**	**446,494**	**7,042,161**
FX position on balance sheet	**(1,886)**	**(372,229)**	**200,627**	**39,029**	**(134,459)**
FX position off-balance sheet	**627,886**	**(39,092)**	**(6,960)**	**57,498**	**639,332**
Net on, off-balance sheet FX position	**626,000**	**(411,321)**	**193,667**	**96,527**	**504,873**

29. FINANCIAL RISK MANAGEMENT POLICIES (continued)

29.2 Market risks (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due, or, the risk that the Bank might have to face unacceptable material losses in order to meet those obligations. Liquidity risk may lead to negative effect on the Bank's profit, reputation, equity, even cause the Bank's bankruptcy.

Liquidity risk management

The Bank maintains a specific portfolio and volume of high-liquidation assets, which may include but not limited to cash, gold, interbank deposits, Government bonds and other high-liquidation assets in order to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The Bank will establish specific liquidity gap and follow strictly in each period based on Assets and Liabilities structure.

The Bank understands the interrelation of credit risk and market risk and how they may have impacts on the Bank's liquidity. The Bank also realizes that liquidity risks come from two sides of its balance sheet. Therefore, the Bank's approach to managing liquidity is to constantly focus on diversification of investment and credit activities and increases of accessibility to capital markets by various fund raising tools and products.

Balance Sheet Management Department under the Finance Division is responsible for daily oversight of the Bank's liquidity and submission of the Bank's interim consolidated liquidity reports to ALCO for review and making decisions that are compatible with the development strategy of the Bank and the business status and market developments in different periods. The Bank adopts both of the common approaches to managing liquidity, namely Stock Approach and Flow Approach. Accordingly, the Bank monitors on a daily basis the compliance with adequate liquidity ratios and forecasts movements of cash flows which may have impact on the Bank's liquidity position in the future to ensure compliance at any time with all the regulations of the SBV as well as its internal regulations.

Liquidity risk limits are established based on results of the Bank's liquidity forecast in normal and stressed market conditions. Regular liquidity stress testing is conducted under a variety of scenarios covering adverse conditions. At the same time, the Bank also issues specific regulations on a Liquidity Contingency Plan ("LCP") which clearly specifies the roles and responsibilities of each unit and individual and a coordination process for implementation when there appear signs of a possible stressed liquidity event.

The following table provides an analysis of the assets and liabilities of the Bank into relevant maturity groupings based on the remaining period from the interim consolidated balance sheet date to repayment date.

29. FINANCIAL RISK MANAGEMENT POLICIES (continued)

29.2 *Market risks* (continued)

(c) Liquidity risk (continued)

Below table presents the analysis of remaining maturity of assets and liabilities of the Bank as at 30 June 2016:

	Overdue			*Current*				
	Above 3 months VND million	*Within 3 months VND million*	*Up to 1 months 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								
Cash, gold, silver and gemstones	-	-	1,751,795	-	-	-	-	1,751,795
Balances with the State Bank of Vietnam	-	-	3,508,318	-	-	-	-	3,508,318
Balances with and loans to other credit institutions - gross	731	-	6,450,419	2,560,000	1,500,000	-	-	10,511,150
Securities held for trading - gross	-	-	-	110,770	303,383	1,017,167	363,128	1,794,448
Loans to customers - gross	4,635,482	5,041,979	7,176,567	10,418,430	32,926,514	43,575,772	14,361,083	118,135,827
Investment securities - gross	345,136	3,235,827	843,361	499,581	3,516,165	39,479,277	8,555,288	56,474,635
Long-term investments - gross	-	-	-	-	-	-	307,077	307,077
Fixed assets and investment property	-	-	-	-	-	-	576,417	576,417
Other assets - gross	230,335	137,000	9,242,056	253,580	2,635,518	28,612	-	12,527,101
Total assets	**5,211,684**	**8,414,806**	**28,972,516**	**13,842,361**	**40,881,580**	**84,100,828**	**24,162,993**	**205,586,768**
Liabilities								
Amounts due to the SBV	-	-	-	-	24,020	-	-	24,020
Deposits and borrowings from other credit institutions	-	-	17,995,793	8,140,160	2,874,452	692,605	11,264	29,714,274
Customer deposits	-	-	44,715,766	28,235,743	41,507,801	4,138,964	1,175	118,599,449
Derivatives and other financial liabilities	-	-	58,340	164,600	68,968	-	-	291,908
Other borrowed and entrusted funds	-	-	-	-	11,143	278,860	36,439	326,442
Valuable papers issued	-	-	1,387,306	4,242,371	14,564,276	11,294,944	2,500,000	33,988,897
Other liabilities	-	-	5,395,285	2,373	-	-	-	5,397,658
Total liabilities	**-**	**-**	**69,552,490**	**40,785,247**	**59,050,660**	**16,405,373**	**2,548,878**	**188,342,648**
Net liquidity gap	**5,211,684**	**8,414,806**	**(40,579,974)**	**(26,942,886)**	**(18,169,080)**	**67,695,455**	**21,614,115**	**17,244,120**

29. FINANCIAL RISK MANAGEMENT POLICIES (continued)

29.2 Market risks (continued)

(d) Other market price risk

Other than the assets and liabilities presented above, the Bank is not exposed to other market price risks with risk levels accounting for 5% of the Bank's net income or with value of relating assets/liabilities accounting for 5% of the Bank's total assets.

30. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

The Circular 210 only regulates the presentation of financial statements and disclosures financial instruments, therefore, the below definitions of financial assets, financial liabilities and other relating definitions are applied solely for the preparation of this Note. The Bank's assets and liabilities are still recognized and recorded in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

Financial assets

Under Circular 210, financial assets of the Bank include balances with the SBV and placements with other credit institutions, loans to customers and other institutions, investment security, other receivables and currency derivative contracts.

Financial assets within the scope of Circular 210, for disclosures in the notes to the interim consolidated financial statements, are classified into either of the followings:

- *Financial asset at fair value through profit or loss*

  Financial asset at fair value through profit and loss is a financial asset that meets either of the following conditions:

  a) A financial asset is classified as held for trading if:
     - ✓ It is acquired or incurred principally for the purpose of reselling or repurchasing it in the near term;
     - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
     - ✓ It is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).

  b) Upon initial recognition, it is designated by the entity as at fair value through profit or loss.

- *Held to maturity investments*

  Held to maturity investments are non-derivative financial assets with determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than:

  a) Those that the entity upon initial recognition designates as at fair value through profit or loss;

  b) Those that the entity designates as available for sale;

  c) Those meet the definition of loans and receivables.

30. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets (continued)

- *Loans and receivables:*

  Loans and receivables are non-derivative with fixed payments or can be recognized and are not quoted on the market, unless:

  a) Those that the Bank intends to sell immediately or in the near future are classified as assets held for trading purposes, and others that at the same time of initial recognition that the entity classified at fair value according to result of income statement;

  b) Those that the Bank classifies as available-for-sale at the time of initial recognition; or

  c) Those that the holders may not recover most of the initial investment cost, not due to the impairment of the credit quality and are classified as available-for-sale.

- *Available-for-sale financial assets*

  Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as:

  a) Loans and receivables;

  b) Held-to-maturity investments;

  c) Financial assets at fair value through profit or loss.

Financial liabilities

According to Circular 210 financial liabilities of the Bank includes deposits and loans from other institutions, valuable papers issued and other financial liabilities.

Financial liabilities within the scope of Circular 210, for disclosures in the notes to the interim consolidated financial statements, are classified into either of the followings:

- *Financial liability at fair value through profit or loss:*

  Financial liability at fair value through profit and loss is a financial liability that meets either of the following conditions:

  a) It is classified as held for trading. A financial liability is classified as held for trading if:

     ✓ It is acquired or incurred principally for the purpose of reselling or repurchasing it in the near term;

     ✓ There is evidence of a recent actual pattern of short-term profit-taking; or

     ✓ It is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).

  b) Upon initial recognition, it is designated by the entity as at fair value through profit or loss.

- *Financial liabilities at amortized cost:*

  Financial liabilities that are not classified as at fair value through profit or loss are classified as at amortized cost.

30. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the interim consolidated balance sheet if and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The carrying value and fair value of financial assets the Bank as at 30 June 2016 are presented as follows:

	Carrying value						
	Financial assets at fair value through profit and loss VND million	*Held-to-maturity VND million*	*Loans and receivables VND million*	*Available-for-sale VND million*	*Other assets and liabilities recorded at amortized cost VND million*	*Total VND million*	*Fair value VND million*
Cash, gold, silver and gemstones	-	-	1,751,795	-	-	1,751,795	1,751,795
Balances with the State Bank of Vietnam	-	-	3,508,318	-	-	3,508,318	(*)
Placements with and loans to other credit institutions - gross	-	-	10,511,150	-	-	10,511,150	(*)
Securities held for trading - gross	1,794,448	-	-	-	-	1,794,448	(*)
Loans to customers- gross	-	-	118,135,827	-	-	118,135,827	(*)
Available-for-sale securities - gross	-	-	-	52,752,554	-	52,752,554	(*)
Held-to-maturity securities - gross	-	3,722,081	-	-	-	3,722,081	(*)
Other financial assets	-	-	9,097,695	307,077	-	9,404,772	(*)
	1,794,448	**3,722,081**	**143,004,785**	**53,059,631**	**-**	**201,580,945**	**(*)**
Deposits and loans from the SBV and other credit institutions	-	-	-	-	29,738,294	29,738,294	(*)
Customer deposits	-	-	-	-	118,599,449	118,599,449	(*)
Derivatives and other financial liabilities	291,908	-	-	-	-	291,908	(*)
Other borrowed and entrusted funds	-	-	-	-	326,442	326,442	(*)
Valuable papers issued	-	-	-	-	33,988,897	33,988,897	(*)
Other financial liabilities	-	-	-	-	4,824,419	4,824,419	(*)
	291,908	**-**	**-**	**-**	**187,477,501**	**187,769,409**	**(*)**

(*) The fair value of those financial assets and liabilities cannot be determined because there is no specific guidance from Vietnamese Accounting Standards and Accounting System on determination of fair value.

31. COMPARATIVE FIGURES

Certain items in prior year financial statements of the Bank were reclassified for comparative presentation purposes as follows:

Extracted from consolidated balance sheet as at 31 December 2015:

	31 December 2015 Reported VND	*Reclassification VND*	*31 December 2015 Reclassified VND*
Investment securities	**47,729,481**	**15,357**	**47,744,838**
Available-for-sale securities	43,950,621	15,357	43,965,978
Long-term investments	**322,511**	**(15,357)**	**307,154**
Other long-term investments	322,984	(15,357)	307,627

During the first six months of 2016, the Bank has reclassified the long-term investment of listed share of Foreign Trade Development & Investment Corporation of Ho Chi Minh City (FIDECO) to available-for-sale securities.

The Bank implemented the above reclassification only for comparative presentation purposes. The above reclassification does not affect Total Assets, Total Liabilities, Equity and Profit before tax of the Bank.

32. EVENTS AFTER THE INTERIM CONSOLIDATED BALANCE SHEET DATE

There have been no significant events occurring after the interim consolidated balance sheet date which require further adjustment and disclosure in the interim consolidated financial statements.

33. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAMESE DONG AT THE END OF THE PERIOD

	30 June 2016 VND million	*31 December 2015 VND million*
AUD	16,472	16,290
CAD	17,052	16,041
CHF	22,534	22,471
CNY	3,277	3,389
DKK	3,159	3,160
EUR	24,535	24,340
GBP	29,629	33,193
JPY	216	186
NZD	17,122	17,122
SEK	3,027	3,078
SGD	16,404	15,758
TWD	30	30
USD	22,280	21,890
XAU	348,000	324,500

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cum. Chief Financial Officer

Approved by:

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN VIỆT NAM THỊNH VƯỢNG

Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, Vietnam

20 August 2016