

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

*For the fiscal year ended December 31, 2016*

**VIETNAM - ASIA COMMERCIAL  
JOINT STOCK BANK**

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## REPORT OF THE BOARD OF GENERAL DIRECTORS

*For the fiscal year ended December 31, 2016*

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*The Board of General Directors of Vietnam - Asia Commercial Joint Stock Bank has the honor of submitting this report and the audited consolidated financial statements for the fiscal year ended December 31, 2016.*

### 1. Business highlights

#### **Establishment:**

Vietnam - Asia Commercial Joint Stock Bank (herein referred to as the "Bank") is established and registered in the Socialist Republic of Vietnam.

The Bank was established on the basis of merger between Sai Gon Financial Joint Stock Company and Da Nang Rural Commercial Joint Stock Bank under Decision No. 440/QĐ/NHNN dated 9 May 2003 issued by the State Bank of Vietnam ("SBV"). The Bank operates under Banking Licence No. 12/NH-GP dated 9 May 2003 issued by the SBV and Business Registration Certificate No. 4103001665 dated 19 June 2003 issued by the Department of Planning and Investment of Ho Chi Minh City and its updates from the 24th amendment dated March 10, 2016 issued by the Department of Planning and Investment of Hanoi. The Banking Licence of the Bank is valid for 99 years from the issued date.

#### **The Bank's principal activities:**

- Mobilise short, medium and long-term funds in the form of demand deposits, time deposits, promissory notes, bonds and valuable papers in accordance with the approval of the SBV;
- Receive entrusted funds;
- Receive funds from local and overseas credit institutions;
- Lend short, medium and long-term loans to economic entities and individuals;
- Discount commercial papers, bonds and other valuable papers;
- Contribute capital and invest in joint-ventures in accordance with the laws;
- Provide settlement services to customers;
- Trade foreign currencies and gold;
- Provide international payment; and
- Other banking services.

**Short name:** VIETABANK

**Head office:** No.34A-34B, Han Thuyen Street, Pham Dinh Ho Ward, Hai Ba Trung District, Ha Noi City, Vietnam.

### 2. Financial position and results of operation:

The Bank's consolidated financial position and results of operation of the year are presented in the attached consolidated financial statements.

### 3. Member of the Board of Management, Board of Supervisors, Board of General Directors and Chief Accountant

Members of the Board of Management, Board of Supervisors, Board of General Directors and Chief Accountant holding office in the year and at the reporting date include:

**REPORT OF THE BOARD OF GENERAL DIRECTORS***For the fiscal year ended December 31, 2016***Board of Management:**

The members of the Board of Management in the year and at the reporting date include:

Mr. PHUONG HUU VIET	Chairman
Mr. PHAN VAN TOI	Vice Chairman
Ms. PHUONG THANH NHUNG	Vice Chairman
Mr. NGO TAN DUNG	Vice Chairman
Mr. LE DAC CU	Member
Mr. NGUYEN XUAN LUAT	Member (until on April 26, 2016)

**Board of Supervisors**

The members of the Board of Supervisors in the year and at the reporting date include:

Ms. NGUYEN KIM PHUONG	Chief Supervisor
Ms. NGUYEN THI HOAN	Member
Mr. PHUONG MINH TUAN	Member

**Board of General Directors and Chief Accountant:**

The members of the Board of General Directors and Chief Accountant in the year and at the reporting date include:

Ms. PHUONG THANH NHUNG	General Director (until May 6, 2016)
Mr. LE XUAN VU	General Director (from November 28, 2016 to March 20, 2017)
Mr. NGUYEN VAN HAO	Acting General Director (from March 21, 2017)
	Permanent Deputy General Director (from October 10, 2015)
	Deputy Chief Executive Officer (from May 06, 2016)
Mr. PHAM LINH	Deputy General Director
Ms. NGUYEN THI THU HANH	Deputy General Director (until March 08, 2016)
Mr. LA QUANG TRUNG	Chief Accountant

**Legal representatives of the Bank**

Legal representative of the Bank in the year and to the reporting date is Mr. PHUONG HUU VIET

**4. Auditor**

Auditing and Informatic Services Company Limited (AISC) has been appointed as an independent auditor for the fiscal year ended December 31, 2016.



## REPORT OF THE BOARD OF GENERAL DIRECTORS

*For the fiscal year ended December 31, 2016*

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### 5. Statement of the Responsibility of the Board of General Directors

The Board of General Directors of the Bank is responsible for the preparation of the consolidated financial statements which give a true and fair view of the financial position of the Bank as of December 31, 2016 as well as its results of operation and cash flows for the year then ended. In order to prepare these consolidated financial statements, the Board of General Directors has considered and complied with the following matters:

- Selected appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- The financial statements of the Bank are prepared on a going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Bank and that the consolidated financial statements are prepared in compliance with the accounting policies stated in the Notes to the Consolidated Financial Statements. The Board of General Directors is also responsible for safeguarding the assets of the Bank and thus taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 6. Approval of the Financial Statements

In the Board of General Director's opinion, the consolidated financial statements consisting of Consolidated Balance Sheet as at December 31, 2016, Consolidated Income Statement, Consolidated Cash Flow Statement and Notes to the Consolidated Financial Statements enclosed with this report give a true and fair view of the financial position of the Bank as well as its operating results and cash flows for the fiscal year ended December 31, 2016.

The consolidated financial statements are prepared in compliance with Vietnamese Accounting Standards and the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam.

*Ha Noi City, April 20, 2017*

**For and on behalf of the Board of General Directors**



**NGUYEN VAN HAO**

Acting General Director



No: 1216572-HN/AISC-DN6

## **INDEPENDENT AUDITOR'S REPORT**

To:

### **BOARD OF MANAGEMENT AND BOARD OF GENERAL DIRECTORS VIETNAM - ASIA COMMERCIAL JOINT STOCK BANK**

We have audited the consolidated financial statements of VIETNAM - ASIA COMMERCIAL JOINT STOCK BANK consisting of Consolidated Balance Sheet as at December 31, 2016, Consolidated Income Statement, Consolidated Cash Flow Statement for the year then ended and Notes to the Consolidated Financial Statements as set out on Page 06 to Page 55, which were prepared on April 20, 2017.

#### **Responsibility of the Board of General Directors**

The Board of General Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and prevailing regulations applicable to the preparation and presentation of the consolidated financial statements and also for the internal control that the Board of General Directors considers necessary for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Responsibility of the Auditor**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 the Board of General Directors as well as evaluating the overall presentation of the consolidated financial statements.

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

#### **Auditor's opinion**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of VIETNAM - ASIA COMMERCIAL JOINT STOCK BANK as at December 31, 2016 as well as the consolidated results of its operation and its cash flows for the year then ended. The consolidated financial statements are prepared in compliance with the prevailing Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and other statutory requirements relevant to the preparation and presentation of the consolidated financial statements.



## INDEPENDENT AUDITOR'S REPORT (CONT.)

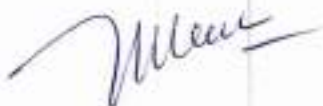
### Emphasis of Matter

Without qualifying opinion, we draw attention to Note V.11.3 to the consolidated financial statements. Accordingly, as at December 31, 2016, the Bank had interests receivable from three customers that was approved by the State Bank of Vietnam to be settled until December 31, 2017. Therefore, the Bank did not apply the accounting policy as described in Note IV.2 - "Accounting for interest income, interest expenses and termination of interest accruals" for these interests receivable.

### Other Matter

The consolidated financial statements of Viet - Asia Commercial Joint Stock Bank for the fiscal year ended December 31, 2015 have been audited by other auditors and other auditing firms. The auditors issued unqualified opinion with emphasis of matter paragraph on the financial statements at April 25, 2016.

AUDITOR



**PHAM THI THANH MAI**

*Certificate of Audit Practice Registration  
No. 1044-2013-05-1  
Issued by the Ministry of Finance*

*Ho Chi Minh City, April 20, 2017*

**PT. GENERAL DIRECTOR**  
**DEPUTY GENERAL DIRECTOR**  
TNNH  
KIỂM TOÁN VÀ  
DỊCH VỤ TÍN HỌC  
THÀNH PHỐ  
HỒ CHÍ MINH  
QUẬN 3 - TP. HỒ CHÍ MINH



**PHAM THI HONG UYEN**

*Certificate of Audit Practice Registration  
No. 0794-2013-05-1  
Issued by the Ministry of Finance*

## CONSOLIDATED BALANCE SHEET

As at December 31, 2016

Unit: VND

ITEMS	Note	Dec. 31, 2016	Jan. 01, 2016
<b>A. ASSETS</b>			
<b>I. Cash on hand, gold and gemstones</b>	<b>V.01</b>	<b>394.046.806.149</b>	<b>334.550.243.535</b>
<b>II. Balances with the State Bank of Vietnam</b>	<b>V.02</b>	<b>250.032.797.911</b>	<b>506.560.690.117</b>
<b>III. Deposits with and loans to other credit institutions</b>	<b>V.03</b>	<b>10.190.226.386.090</b>	<b>4.579.602.212.211</b>
1. Deposits with other credit institutions		9.902.159.386.090	4.295.032.212.211
2. Loans to other credit institutions		288.067.000.000	284.570.000.000
3. Provisions for losses		-	-
<b>IV. Held-for-trading securities</b>	<b>V.04</b>	<b>1.368.722.198.188</b>	<b>104.235.636.547</b>
1. Held-for-trading securities		1.370.884.561.726	107.527.745.273
2. Provisions for losses of held-for-trading securities		(2.162.363.538)	(3.292.108.726)
<b>V. Derivative financial instruments and other financial assets</b>		-	-
<b>VI. Loans to customers</b>		<b>30.005.618.863.723</b>	<b>20.039.701.178.538</b>
1. Loans to customers	<b>V.5.1</b>	30.415.689.594.862	20.267.711.996.409
2. Provisions for credit losses of loans to customers	<b>V.5.2</b>	(410.070.731.139)	(228.010.817.871)
<b>VII. Debts purchasing activities</b>	<b>V.06</b>	<b>2.950.946.560</b>	<b>38.991.877.497</b>
1. Debts purchasing		2.950.946.560	38.991.877.497
2. Provisions for losses of debts purchasing activities		-	-
<b>VIII. Investment securities</b>	<b>V.07</b>	<b>13.817.018.012.990</b>	<b>11.056.464.135.287</b>
1. Available-for-sale securities		11.337.818.757.754	8.652.036.555.139
2. Held-to-maturity securities		2.904.722.289.224	2.699.949.989.750
3. Provisions for impairment of investment securities		(425.523.033.988)	(295.522.409.602)
<b>IX. Long-term investments</b>	<b>V.08</b>	<b>247.433.630.000</b>	<b>315.653.224.400</b>
1. Investments in subsidiaries		-	-
2. Investments in joint-ventures		-	-
3. Investments in associates		-	-
4. Investments in equity of other entities		247.433.630.000	315.653.224.400
5. Provision for decline in the value of long-term investments		-	-



## CONSOLIDATED BALANCE SHEET

As at December 31, 2016

Unit: VND

ITEMS	Note	Dec. 31, 2016	Jan. 01, 2016
<b>X. Fixed assets</b>		<b>244,343,268,162</b>	<b>278,541,673,262</b>
1. Tangible fixed assets	V.9	117,966,525,639	134,527,052,394
a. Cost		287,239,792,343	283,592,467,522
b. Accumulated depreciation		(169,273,266,704)	(149,065,415,128)
2. Finance lease assets		-	-
a. Cost		-	-
b. Accumulated depreciation		-	-
3. Intangible fixed assets	V.10	126,376,742,523	144,014,620,868
a. Cost		212,218,049,940	223,542,356,340
b. Accumulated amortisation		(85,841,307,417)	(79,527,735,472)
<b>XI. Investment Properties</b>		<b>-</b>	<b>-</b>
a. Cost		-	-
b. Accumulated depreciation		-	-
<b>XII. Other assets</b>	<b>V.11</b>	<b>4,944,799,274,606</b>	<b>4,623,877,782,701</b>
1. Receivables		1,909,738,375,460	1,213,189,487,747
2. Accrued interest and fees receivable		2,802,403,747,867	3,005,872,361,055
3. Deferred income tax assets		-	-
4. Other assets		232,657,151,279	404,815,933,899
- In which: Goodwill		-	-
5. Provisions for impairment of other balance sheet assets		-	-
<b>TOTAL ASSETS</b>		<b>61,465,192,184,379</b>	<b>41,878,178,654,095</b>

**CONSOLIDATED BALANCE SHEET***As at December 31, 2016**Unit: VND*

ITEMS	Note	Dec. 31, 2016	Jan. 01, 2016
<b>B. LIABILITIES AND EQUITY</b>			
<b>I. Borrowings from the Government and the State Bank of Vietnam</b>		-	-
<b>II. Deposits and borrowings from other credit institutions</b>	<b>V.12</b>	<b>23.827.278.940.897</b>	<b>12.865.360.797.326</b>
1. Deposits from other credit institutions		12.619.005.257.542	5.010.920.378.989
2. Borrowings from other credit institutions		11.208.273.683.355	7.854.440.418.337
<b>III. Deposits from customers</b>	<b>V.13</b>	<b>32.189.715.999.129</b>	<b>24.439.799.870.488</b>
<b>IV. Derivative financial instruments and other financial liabilities</b>		-	-
<b>V. Grants, trusted funds and borrowings at risk of the credit institution</b>	<b>V.14</b>	<b>43.473.180.000</b>	<b>26.134.500.000</b>
<b>VI. Valuable papers issued</b>	<b>V.15</b>	<b>675.349.403.443</b>	<b>8.477.026.500</b>
<b>VII. Other liabilities</b>	<b>V.16</b>	<b>711.722.889.176</b>	<b>618.848.427.523</b>
1. Accrued interest and fees payable		653.149.679.227	508.888.150.992
2. Deferred income tax liabilities		-	-
3. Other liabilities		58.573.209.949	109.960.276.531
4. Provisions for other risk (Provisions for contingent liabilities)		-	-
<b>TOTAL LIABILITIES</b>		<b>57.447.540.412.645</b>	<b>37.958.620.621.837</b>

## CONSOLIDATED BALANCE SHEET

As at December 31, 2016

Unit: VND

ITEMS	Note	Dec. 31, 2016	Jan. 01, 2016
<b>VIII. Capital and reserves</b>	<b>V.17</b>	<b>4.017.651.771.734</b>	<b>3.919.558.032.258</b>
1. Contributed capital		3.500.102.398.945	3.500.102.398.945
a. Charter capital		3.499.990.470.000	3.499.990.470.000
b. Investment reserve for basic construction, purchases of fixed assets		-	-
c. Share premium		98.600.000	98.600.000
d. Treasury shares		-	-
e. Preferred shares		-	-
f. Other capital		13.328.945	13.328.945
2. Reserves		163.359.967.758	148.445.464.182
3. Foreign exchange differences		-	-
4. Difference upon assets revaluation		-	-
5. Undistributed earnings/Accumulated losses		354.189.405.031	271.010.169.131
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>61.465.192.184.379</b>	<b>41.878.178.654.095</b>

## OFF-BALANCE SHEET ITEMS

ITEMS	Note	Dec. 31, 2016	Jan. 01, 2016
1. Credit guarantees		-	-
2. Commitments on foreign exchange		1.396.017.000.000	470.635.000.000
2.1 Commitments on purchase of foreign currencies		731.247.000.000	470.635.000.000
2.2 Commitments on sale of foreign currencies		664.770.000.000	-
2.3 Cross currency swap contracts		-	-
2.4 Cross currency futures contracts		-	-
3. Undisputed loan commitment		-	-
4. Letters of credit		102.043.867.730	23.095.745.509
5. Other guarantees		454.761.755.695	55.545.694.032
6. Other commitments		-	-

PREPARED BY



NGUYEN HUU CUONG

CHIEF ACCOUNTANT



LA QUANG TRUNG

ACTING GENERAL DIRECTOR



NGUYEN VAN HAO

Ha Noi City, April 20, 2017



## CONSOLIDATED INCOME STATEMENT

For the fiscal year ended December 31, 2016

Unit: VND

ITEMS	Note	Year 2016	Year 2015
1. Interest and similar income	VI.18	3.141.131.640.966	2.871.174.154.522
2. Interest and similar expenses	VI.19	2.307.664.980.223	1.768.795.035.366
<b>I. Net interest income</b>		<b>833.466.660.743</b>	<b>1.102.379.119.156</b>
3. Income from services		14.783.287.121	11.812.985.086
4. Expenses on services		19.056.191.230	15.834.738.833
<b>II. Net gain/(loss) from services</b>	<b>VI.20</b>	<b>(4.272.904.109)</b>	<b>(4.021.753.747)</b>
<b>III. Net gain/(loss) from trading foreign currencies</b>	<b>VI.21</b>	<b>(68.955.621.559)</b>	<b>(264.140.599.708)</b>
<b>IV. Net gain/(loss) from trading securities</b>	<b>VI.22</b>	<b>119.945.669.959</b>	<b>5.901.023.594</b>
<b>V. Net gain/(loss) from investment securities</b>	<b>VI.23</b>	<b>(87.366.739.860)</b>	<b>29.908.336.738</b>
5. Other operating income		180.484.357.466	147.646.623.230
6. Other operating expenses		29.252.115.658	146.948.304.227
<b>VI. Net gain/(loss) from other activities</b>	<b>VI.24</b>	<b>151.232.241.808</b>	<b>698.319.003</b>
<b>VII. Income from investments in other entities</b>	<b>VI.25</b>	<b>10.366.653.680</b>	<b>4.598.055.219</b>
<b>VIII. Operating expenses</b>	<b>VI.26</b>	<b>485.257.225.366</b>	<b>438.876.506.250</b>
<b>IX. Net profit from operating activities before credit provision expenses</b>		<b>469.158.735.296</b>	<b>436.445.994.005</b>
X.1 Provision expenses for credit losses	<b>VI.27</b>	362.676.091.145	321.116.648.613
<b>XI. Profit before tax</b>		<b>106.482.644.151</b>	<b>115.329.345.392</b>
7. Current corporate income tax expense		7.052.620.310	33.362.702.713
8. Deferred corporate income tax expense		-	-
<b>XII. Total income tax expense</b>	<b>VI.28</b>	<b>7.052.620.310</b>	<b>33.362.702.713</b>
<b>XIII. Profit after tax</b>		<b>99.430.023.841</b>	<b>81.966.642.679</b>
<b>XIV. Minority interests</b>		-	-
<b>XV. Earnings per share</b>	<b>V.17.2</b>	<b>284</b>	<b>250</b>

Ha Noi City, April 20, 2017

PREPARED BY

CHIEF ACCOUNTANT

ACTING GENERAL DIRECTOR



NGUYEN HUU CUONG



LA QUANG TRUNG



NGUYEN VAN HAO

**CONSOLIDATED CASH FLOW STATEMENT**

(Under direct method)

For the fiscal year ended December 31, 2016

Unit: VND

ITEMS	Note	Year 2016	Year 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01. Interest and similar income received		3,344,600,254,154	2,095,662,603,630
02. Interest and similar expenses paid		(2,165,836,556,083)	(1,617,809,547,709)
03. Net fee and commission (expenses paid)/income received		(4,272,904,109)	(14,586,703,902)
04. Net (payments for)/receipts from trading activities (foreign currencies, gold and securities)		(36,376,691,460)	(13,141,219,126)
05. (Other expenses paid)/ other income received		(29,383,936,069)	(76,403,197,753)
06. Receipts from debts written - off or paid off by risk fund		-	-
07. Salaries and operating expenses paid		(455,203,097,693)	(408,942,912,332)
08. Corporate income tax paid during the year		(33,891,343,794)	(9,744,806,801)
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>		<b>619,635,724,946</b>	<b>(44,965,783,993)</b>
<b>Changes in operating assets</b>			
09. (Increase)/Decrease in deposits with and loans to other credit institutions		(3,497,000,000)	(284,570,000,000)
10. (Increase)/Decrease in held-for-trading securities		(4,025,040,439,344)	140,061,912,688
11. (Increase)/Decrease in derivatives and other financial assets		-	-
12. (Increase)/Decrease in loans and advances to customers		(10,111,936,667,516)	(4,484,733,311,177)
13. Utilisations of allowance for credit losses		(50,672,666,235)	(88,683,850,352)
14. (Increase)/Decrease in other operating assets		(592,239,843,666)	653,822,174,942

**CONSOLIDATED CASH FLOW STATEMENT**

(Under direct method)

For the fiscal year ended December 31, 2016

Unit: VND

ITEMS	Note	Year 2016	Year 2015
<i>Changes in operating liabilities</i>			
15. Increase/(Decrease) in borrowings from the State Bank of Vietnam		-	(109.436.812.290)
16. Increase/(Decrease) in deposits and borrowings from other credit institutions		10.961.918.143.571	1.228.859.545.798
17. Increase/(Decrease) in deposits from customers (including State Treasury)		7.749.916.128.641	4.660.053.546.798
18. Increase/(Decrease) in issued valuable papers (excluding issued valuable papers charged to financial activities)		666.872.376.943	8.477.026.500
19. Increase/(Decrease) in grants, trusted funds and borrowing at risk of the credit institution		17.338.680.000	13.703.250.000
20. Increase/(Decrease) in derivatives and other financial liabilities		-	4.066.544.648
21. Increase/(Decrease) in other operating liabilities		63.907.594.822	(8.393.356.062)
22. Cash outflows from reserves of the credit institution		(1.336.284.365)	-
<b>I. Net cash flows from operating activities</b>		<b>5.294.865.747.797</b>	<b>1.688.260.887.500</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
01. Payments for purchases of fixed assets		(18.120.002.500)	(72.860.041.404)
02. Proceeds from disposals of fixed assets		54.763.850.910	133.518.761.201
03. Expenses on disposals of fixed assets		-	-
04. Payments for purchases of investment properties		-	-
05. Proceeds from disposals of investment properties		-	-
06. Expenses on disposals of investment properties		-	-
07. Investments in other entities		-	(55.275.000.000)
08. Proceeds from divestment in other entities		68.219.594.400	81.089.183.138
09. Receipts of dividends and profit distributions from capital contribution, long-term investment		10.366.653.680	4.598.055.219
<b>II. Net cash flows from investing activities</b>		<b>115.230.096.490</b>	<b>91.070.958.154</b>



**CONSOLIDATED CASH FLOW STATEMENT**

(Under direct method)

For the fiscal year ended December 31, 2016

Unit: VND

ITEMS	Note	Year 2016	Year 2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
01. Proceeds from share capital issued		-	231.300.200.000
02. Proceeds from long-term valuable papers issued that are eligible into equity and other long-term loans		-	-
03. Expenses on long-term valuable papers paid that are eligible into equity and other long-term loans		-	-
04. Dividends paid		-	(69.310.750)
05. Payments for purchases of treasury shares		-	-
06. Proceeds from purchases of treasury shares		-	-
<b>III. Net cash flows from financing activities</b>		-	<b>231.230.889.250</b>
<b>IV. Net cash flows during the year</b>		<b>5.410.095.844.287</b>	<b>2.010.562.734.904</b>
<b>V. Cash and cash equivalents at the beginning of the year</b>		<b>5.136.143.145.863</b>	<b>3.125.580.410.959</b>
<b>VI. Effects of changes in foreign exchange rates</b>		-	-
<b>VII. Cash and cash equivalents at the end of the year</b>	<b>VII.29</b>	<b>10.546.238.990.150</b>	<b>5.136.143.145.863</b>

Ha Noi City, April 20, 2017

PREPARED BY



NGUYEN HUU CUONG

CHIEF ACCOUNTANT



LA QUANG TRUNG

ACTING GENERAL DIRECTOR



  
NGUYEN VAN HAO

**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENT***For the fiscal year ended December 31, 2016**Unit: VND***I. Business highlights of credit institution****1. License for establishment and operation, validity term**

The Vietnam - Asia Commercial Joint Stock Bank was established under Business Registration Certificate No. 0302963695 dated 19 June 2003 issued by the Department of Planning and Investment of Ho Chi Minh City and its updates from the 24th amendment dated March 10, 2016 issued by the Department of Planning and Investment of Hanoi. The Bank operates under Banking Licence No. 12/NH-GP dated 9 May 2003 issued by the SBV. The Banking Licence of the Bank is valid for 99 years from the issued date.

**2. Structure of ownership: Joint -Stock.****3. The Bank's principal activities**

- Mobilise short, medium and long-term funds in the form of demand deposits, time deposits, promissory notes, bonds and valuable papers in accordance with the approval of the SBV;
- Receive entrusted funds;
- Receive funds from local and overseas credit institutions;
- Lend short, medium and long-term loans to economic entities and individuals;
- Discount commercial papers, bonds and other valuable papers;
- Contribute capital and invest in joint-ventures in accordance with the laws;
- Provide settlement services to customers;
- Trade foreign currencies and gold;
- Provide international payment; and
- Other banking services.

**4. Head office**

No.34A-34B, Han Thuyen Street, Pham Dinh Ho Ward, Hai Ba Trung District, Ha Noi City, Vietnam.

Number of branches: 18 (eighteen)

Number of subsidiary: 01 (one)

**5. Subsidiary**

As at December 31, 2016, the Bank has one (01) directly owned company as follows:

<i>Company's name and address</i>	<i>Operation Licence</i>	<i>Principal activities</i>	<i>Charter capital</i>	<i>Percentage of equity owned and voting rights</i>
Vietnam Asia Commercial Bank Asset Management One Member Limited Company	2764/QD-NHNN dated November 18, 2010	Assets management	500.000.000.000	100%

**6. Total employees to Dec. 31, 2016: 1.582 persons (Dec. 31, 2015: 1.653 persons).****II. Annual accounting period, accounting and presentation currency**

1. Annual accounting period: is begun on January 01 and ended December 31 annually.
2. Accounting and presentation currency: Vietnam Dong (VND).



**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND***III. Applicable Accounting Standards and Regimes****Disclosure of compliance with Vietnamese Accounting Standards (VAS) or prevailing regulations:**

The accompanying financial statements are prepared under the historical cost and in compliance with Vietnamese Accounting Standards, Vietnamese Accounting System and relevant regulations applicable to Credit Institutions operating in the Socialist Republic of Vietnam. Therefore, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows of the Bank in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. The accounting principles and practices used in Socialist Republic of Vietnam may differ from practices in other countries.

**Regimes and accounting system applied**

The Bank applies Vietnamese Accounting System applicable to Credit Institutions under Decision No.479/2004/QĐ-NHNN dated April 29, 2004, the Regime on financial statements applicable to credit institutions under Decision No.16/2007/QĐ-NHNN dated April 18, 2007, Circular No. 10/2014/TT-NHNN dated March 20, 2014 and Circular No.49/2014/TT-NHNN dated December 31, 2014 were issued by State Bank of Vietnam and relevant accounting standards.

**IV. Applicable accounting policies****1. Principles for consolidating the financial statements:**

The consolidated financial statements include the financial statements of Vietnam - Asia Commercial Joint Stock Bank and its subsidiaries - Vietnam Asia Commercial Joint Stock Bank Asset Management One Member Limited Company (hereinafter referred to as "the Group") for the year ended December 31, 2016.

The subsidiary's financial statements are consolidated into the Bank's since the date of acquisition, when the Bank holds control over the subsidiary and no longer be consolidated since the Bank ceases its control right.

The financial statements of the subsidiary are prepared for the same accounting period as Vietnam - Asia Commercial Joint Stock Bank according to the accounting policies consistent with the accounting policies of the Bank. Adjustment entries have been made for any accounting policies that differ to ensure consistency between the subsidiary and the Bank.

All intra-group balances and amounts of revenues, income and expenses arising from intra-group transactions, including unrealized profits arising from internal transactions the "Group" is included in the value of the property is excluded altogether.

**2. Translation currency**

All transactions denominated in currencies other than Vietnam Dong which arise during the period are translated to Vietnam Dong at the actual exchange rates ruling as of the transaction dates.

Closing balance of monetary assets denominated in foreign currencies must be revaluated at the average inter-bank exchange rate stated by the State Bank of Vietnam at the reporting date.

Foreign exchange differences, which arise from foreign currency transactions during the period, and foreign exchange differences due to the revaluation of ending balances of the monetary items in foreign currencies, shall be included in the income statement.

Exchange rate at December 31, 2016:

VND/USD : 22.159	VND/JPY: 183.88	VND/thread: 3.635.000
VND/CAD: 16.725	VND/AUD: 16.316	
VND/EUR: 22.603	VND/SGD: 15.627	
VND/GBP: 26.529	VND/CHF: 21.106	

**3. Accounting for interest income, interest expenses and termination of interest accruals**

The Group records interest income and interest expenses by accrued method. Interests on overdue loans are not recorded on accrual basis, but actual receipt. When a loan becomes overdue, the accrued interest will be recorded in the off-balance sheet. These interests will be recorded in the income statement once they are collected.



**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND***4. Fees and commissions income**

Income from fee and commission including income from settlement service, treasury service, fee of guarantee, fee of providing brokerage service and other services. Income from fee of guarantee and providing brokerage service will be recorded by accrued method. Income from fee and commission from settlement service, treasury service and other service will be recorded when they are actually received.

**5. Accounting for loans granted to customers, debts purchasing activities*****Recognition and measurement of loans to customers***

Loans granted to customers are stated at the balance of loan (principal) less provision for loss.

Short-term loans are those with a repayment date within one year, medium-term loans are those with a final repayment date between one and five years and long-term loans are those with a repayment date of more than five years.

***Classifying loans and provision for credit losses***

Principles for classifying loans and revaluating provision for credit risks are in compliance with Circular No. 02/2013/TT-NHNN dated January 21, 2013 issued by SBV, providing for classification of assets, level, method of making risk provisioning and use of provision to deal with risks in operation of credit institutions, foreign bank branches and Circular No. 09/2014/TT-NHNN dated March 18, 2014 issued by SBV amending and supplementing a number of articles of Circular No.02.

The Bank implemented the classification of loans in accordance with the quantitative method as stipulated in Article 10 of Circular 02. Accordingly, loans to customers are classified according to level of risk as follows: Current debts, Special mentioned debts, Sub-standard debts, Doubtful debts and Bad debts based on overdue status and other qualitative determinants of the loans.

Where a customer owes more than one debt to the Bank, and has any of its debts transferred to a higher risk group of debts, the Bank is obliged to classify the remaining debts of such customer into the group of debts with higher risk corresponding with their level of risk.

Where the Bank participates in a syndicated loan not as the lead bank, the Bank reclassifies all debts (including the outstanding syndicated loan) of the customer into a higher risk group of debts as determined by the lead bank, participating banks and the Bank.

***Provision for credit losses***

Provision for credit losses includes specific provision and general provision.

Specific provision is made for the losses that may be incurred in respect of each specific debt, in proportion to each of the following:

Group	Debts classification	Percentage of specific provision
Group 1	Current debts	0%
Group 2	Special mentioned debts	5%
Group 3	Sub-standard debts	20%
Group 4	Doubtful debts	50%
Group 5	Bad debts	100%

Specific provision is calculated based on the loan balance for each customer classified as credit risk at the end of the quarter (in fourth quarter, specific provision is calculated based on the loan balance for each customer classified as credit risk at the last working day of November) minus the value of the collateral that has been discounted at the rates specified in Circular 02.

General provision is made at 0,75% of the outstanding balance of debts classified from group 1 to group 4, except for:

**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND*

- Deposits (except deposit payment) at domestic credit institutions, branches of foreign banks in Vietnam in accordance with law and deposits at foreign credit institutions.
- Loans, purchasing term - valuable papers to credit institutions and other branches of foreign banks in Vietnam.

**Handling credit risk**

According to Circular 02, the Bank must establish Risk Management Council to decide on the use of reserves to handle risks in the following cases:

- Borrowers have been declared bankrupt or dissolved (for borrowers being organisations and enterprises) or borrowers are deceased or missing (for borrowers being individuals).
- Debts have been classified to Group 5.

**Selling the loans to Vietnam Asset Management Company ("VAMC")**

The Bank sells debts to VAMC under Decree No. 53/2013/ND-CP dated May 18, 2013; Decree 34/2015/ND-CP of the Government dated March 31, 2015, amending and supplementing a number of articles of Decree 53; Circular 19/2013/ TT-NHNN of the SBV dated September 6, 2013 providing for the purchase, sale and handling of non-performing loans by VAMC; and debts sold to VAMC are discharged from the balance sheet in accordance with the guidance in Official Letter No. 8499 /NHNN-TCKT issued by the SBV dated November 14, 2013 providing guidance for accounting trading bad debts of VAMC and credit institutions, and Official Letter No. 925 / NHNN-TCKT issued by the SBV dated February 19, 2014.

Special bonds issued by VAMC correspond to the bad debt that the Bank sells are recognized as held-to-maturity debt securities.

After completing the procedures of selling, the Bank uses specific provisions that have not been used to account for the reduction of the bad debt value and written-off off-balance sheet accounts that tracking unrealized gain of that bad debt.

**6. Accounting trading and investment securities****6.1. Held-for-trading securities**

Held-for-trading securities are securities acquired principally for the purpose of selling in the short-term or for the purpose of short-term profit-taking.

Principle for recording trading securities: Trading securities are initially recognized at cost of acquisition (original cost), including buying price (+) buying cost (if any). Subsequently, these securities are recognized at original cost less provision for impairment.

Gains or losses from trading securities are recognized in the income statement on net value.

Provision for impairments of held-for-trading securities shall be made when the net value realizable (market price) is lower than the book value.

For listed held-for-trading equity securities, the market price is the closing price of securities obtained from the Ho Chi Minh City Stock Exchange or from the Hanoi Stock Exchange at the reporting date.

For unlisted held-for-trading equity securities that have been registered on the unlisted public company market ("the UPCOM market"), the market price is the average prices obtained from the UPCOM market at the reporting date.

For unlisted held-for-trading equity securities and have not been registered on the UPCOM market but have been actively traded on the market, the market price is the average of the transaction prices quoted by three securities companies at the reporting date.

For listed trading debt securities, market prices are determined based on the rates of return listed on the Hanoi Stock Exchange (HNX) at the end of the fiscal year.

For securities not allowed actively traded on the market or where the market price of those securities cannot be determined reliably, no allowance is made and such securities are stated at cost.

Income earned while holding held-for-trading securities is recognized in the income statement based on cash basis.

**6.2. Investment securities**

Investment securities include available-for-sale securities and held-to-maturity securities.



**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND****Held-to-maturity securities***

Held-to-maturity securities are debt securities with fixed or determinable payments and fixed maturities where the Bank has the positive intention and ability to hold until maturity

The unlisted corporate bonds held to maturity are recorded at original cost less provision for credit losses. The classification of debt and provision for credit losses of unlisted corporate bonds are carried out in accordance with the policy applicable to loans to customers as explained in item 5.

Other held-to-maturity securities are recorded at original cost less provision for impairment. Provision for impairment is made when the market price is lower than book value or signs of decline in value as assessed by the Board of General Directors.

The additional value and the discounted value arising from the purchase of held-to-maturity securities are allocated to income statement of the Bank in accordance with the straight line method from buying date to maturity date.

Interest income on the purchase of held-to-maturity securities is recognized in income statement based on accruals basis.

***Special bonds issued by VAMC***

Special bonds issued by VAMC are valuable papers issued by VAMC to purchase the Bank's bad debts and recognized as held-to-maturity debt securities.

Special bonds are recorded at par value at the transaction date and subsequently measured at par value less the specific provision in the holding period.

Par value of the special bond is equal to the carrying value of bad debt sold net off specific allowance which was made but not yet utilised.

Periodically, the Bank shall determine and make provision for impairment of those special bonds in accordance with the regulations stipulated in Decree No.53/2013/ND-CP dated May 18, 2013 of the Government and Circular No.19/2013/TT-NHNN dated September 6, 2013 of SBV. Accordingly, from year 2015 backwards, the Bank has made provision for special bonds into operating expenses, minimum equivalent to 20% of par value of each special bond. According to Official Letter No. 895/NHNN.TTGSNH.m dated September 10, 2015 and Official Letter No.1045/NHNN-TTGSNH.m dated December 29, 2016, the SBV allowed the Bank to make provision for losses for special bonds for a period of 10 years, and does not apply retroactively.

Banks do not have to make general provision for special bonds.

Upon receiving back the debt sold to VAMC, the bank uses specific provisions that have been deducted annually for special bonds to handle bad debt. The difference between the provision that has been appropriated and the uncollected principal will be reversed and recorded in income statement.

***Available-for-sale securities***

Available-for-sale securities are debt securities or equity securities held for an indefinite period of time that can be sold at any time.

***- Equity Securities***

Equity securities are recorded at historical cost less provision for impairment of securities.

Provision for diminution in value of investment securities is made when net realizable value (market value) is lower than the book value. Provision for available-for-sale equity securities is similar to trading securities as disclosed in Note 5.1.

Gains or losses from available-for-sale securities are recognized in the income statement on net value. Interest income after the purchase of held-to-maturity securities is recorded in the statement of income on an accruals basis. Interest earned before the Bank's holding is deducted from the original cost at the time of acquisition.

***- Debts Securities***

The unlisted available-for-sale corporate bonds are recorded at original cost less provision for credit losses. The classification of debt and provision for credit losses of unlisted corporate bonds are carried out in accordance with the policy applicable to loans to customers as explained in item 5.



**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND*

For listed debt securities, market prices are determined based on the rates of return listed on the Hanoi Stock Exchange (HNX) at the end of the fiscal year.

The overhead value and the discount value arising from the acquisition of available-for-sale securities are amortized to the income statement on a straight-line basis from the date of acquisition to the maturity date of that stock. If the securities are sold before the maturity date, the unamortized discount value and the overhead value are fully recorded in the statement of income at selling date.

Gain from available-for-sale securities is recorded in the income statement on accrual basis.

**7. Capital contribution, long-term investments****7.1. Accounting other long-term investments**

Other long-term investments are investments at a rate lower than or equal to 11% of the equity of the economic organizations in which the Bank is a founding shareholder, or the strategic partner or the most determine dominant the process of establishing and deciding the financial and operating policies of the business through agreements on the assignment of members of the Board of Management. Long-term investments are initially recorded at historical cost method.

**7.2. Provision for decline in the value of long-term investments**

Provision for loss of long-term financial investments is made when the Bank recognizes that economic institutions it invests in suffer from loss (except for the loss as planned in the business plan). As stipulated in Circular No. 228/2009 / TT-BTC issued by the Ministry of Finance on December 7, 2009 and Circular No. 89/2013 / TT-BTC issued by the Ministry of Finance dated June 28, 2013 amending and supplementing Circular 228/2009 / TT-BTC, the providing level for loss of long-term financial investments is the difference between the actual contributed capital of the parties in the economic institution and the real owner's equity multiplied by (x) at ratio of the invested capital of the Bank and the actual contributed capital in the economic institution.

**8. Accounting for tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises all expenditures of bringing the asset to its working condition and location for its intended use. The expenditures incurred beyond their originally assessed standard of performance are capitalised as an additional cost of tangible fixed assets when they have resulted in an increase in the future economic benefits expected to be obtained from the use of those tangible fixed assets. The expenditures which do not meet the above conditions are charged to the expenses in the year.

When the assets are sold or disposed, their original costs and the accumulated depreciation which have been written off and any gain or loss from disposal of assets are recorded in the income statement in period.

Determination of original costs of tangible fixed assets:

*Tangible fixed assets purchased*

The original cost of purchased tangible fixed assets shall consist of the actual purchase price less (-) trade discounts or reduction plus (+) taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when such fixed assets are put into operation such as fees for installation and trial operation of fixed assets; specialists and other direct costs.

The original cost of a tangible fixed asset formed from capital construction under the mode of tendering shall be the finalisation price of the construction project, other relevant fees plus (+) registration fee (if any).

Fixed assets which are buildings, structures attached to land use right, the value of land use right is computed separately and recorded as intangible fixed assets.

*Tangible fixed assets constructed or produced by the Group itself:*

The original cost of a tangible fixed asset which is constructed or produced by the Company itself shall include the actual production cost of the fixed asset plus (+) expenses for installation and trial operation. In case where the Company transfers its self-produced products to fixed assets, the original costs will be the production costs plus (+) other relevant expenses calculated to the time when such fixed asset is put into operation. In such case, all internal gains will not be recorded in the original costs of those fixed assets.

**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND**Tangible fixed assets purchased in the form of an exchange:*

The original cost of a tangible fixed asset purchased in the form of exchange for a dissimilar tangible fixed asset or other assets shall be determined according to the reasonable value of the received tangible fixed assets, or that of the exchanged ones, after adjusting the cash amounts or cash equivalents which are additionally paid or received.

The original cost of a tangible fixed asset purchased in the form of exchange for similar one, or possibly formed through its sale in exchange for the right to own similar ones. In both cases no profit or loss is recognized in the exchange process.

*Tangible fixed assets augmented from other sources:*

The original cost of a tangible fixed asset which is donated or presented shall be initially recognized according to the initial reasonable value. Where it is not recognized according to the initial reasonable value, the enterprises may recognize it according to the nominal value plus (+) the expenditures directly related to the putting of the assets into the ready-for-use state.

**9. Principles for recording intangible fixed assets:**

Intangible fixed assets are stated at cost less accumulated amortization. The original cost of a intangible fixed asset comprises all costs of owning the asset to the date it is put into operation as expected.

*Determination of original costs of intangible fixed assets:**Purchase of separate intangible fixed assets*

The original cost of purchased intangible fixed assets shall consist of the actual purchase price payable less (-) trade discounts or reduction plus (+) taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when such fixed assets are put into operation. The land use rights which are purchased together with buildings, structures will be determined separately and recorded as intangible fixed assets.

*Land use right*

The original cost of an intangible fixed asset which is the land use right shall be the payment made to obtain the lawful land use right plus (+) compensatory payments for clearance of site, expenses for levelling the ground, registration fee...

*Computer software*

The original cost of a intangible fixed asset which is the computer software shall be the total of actual expenses incurred by the Bank to obtain the computer software.

**10. Method of depreciating and amortizing fixed assets**

Depreciation is charged to write off the cost of fixed assets on a straight line basis over their estimated useful lives. Useful life means the duration in which the tangible fixed assets produce their effect on production and business.

*The estimated useful life for assets is as follows:*

<i>Buildings and structures</i>	<i>25 - 50 years</i>
<i>Machinery and equipment</i>	<i>3 - 8 years</i>
<i>Transportation and facilities</i>	<i>6 - 7 years</i>
<i>Accounting software</i>	<i>3 - 5 years</i>

*Land use rights which are granted for a definite term are amortized in conformity with the term stated in the certificate of land use right.*

*Land use rights which are granted for an indefinite term are carried at cost and not amortised.*

**11. Accounting for leasing asset transactions**

**Operating leases:** Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.



**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND***12. Cash and cash equivalents**

In the statement of cash flows: cash and cash equivalents includes cash, payment deposits at the State Bank of Vietnam, demand deposits and deposits with the term of less than 90 days since deposit date at other credit institutions, government bond and other short-term valuable paper qualified to be discounted, securities with recoverable or maturity term of less than 3 months since purchase date.

**13. Provisions**

Provisions are recorded when: the Bank has present obligations as a result of past events; It is probable that an outflow of resources will be required to settle the obligation; The obligation is estimated reliably; Provision is not recorded for the operating loss in the future.

When there are similar obligations, the possibility of outflow of resources due to the settlement of obligations is determined by considering the whole group in general. Provision will be made though the outflow due to obligation settlement is very small.

Provision is calculated at present value of estimated expenses for settling debts at the discount interest rate before tax and reflects the assessment based on present market of the market price of currency and specific risk of those debts. The increase of provision throughout time will be recorded as interest expense.

**Provision for severance allowances:** Under the Vietnamese Labor Law, employees of the Bank are entitled to a severance allowance based on their years of service, calculated from the date started working to 31 December 2008. This support is paid once when the employee leaves the Bank. The Bank is made provision for severance allowance based on Circular No.180/2012/ TT-BTC dated 24 October 2012 of the Ministry of Finance.

**14. Principles and methods of recording corporate income tax expense - current, corporate income tax expense - deferred :**

Corporate income tax includes current corporate income tax and deferred corporate income tax incurred in the year and set basis for determining operating result after tax in current fiscal year.

Current tax: is the tax payable (or recoverable) on the taxable income and tax rate enacted in current year in accordance with the law on corporate income tax.

Deferred tax: is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax liability is provided for all temporary differences, deferred income tax asset is only provided when there is enough taxable profit in the future for deducting the temporary differences.

The carrying amount of deferred tax assets must be reassessed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilized. The unrecognized deferred tax assets will be reassessed at each balance sheet date and recognized to the extent that it has become probable future taxable profit will allow the deferred tax asset to be utilized.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax assets and deferred income tax liabilities are offset when the Bank has the legal right to offset current income tax assets against current income tax liabilities and the deferred income tax assets and deferred income tax liabilities are relevant to corporate income tax which is under the management of one tax authority of the same subject to corporate income tax and the Bank has intention to pay current income tax liabilities and current income tax assets on a net basis.

The tax amounts payable to the State budget will be finalized with the tax office. Differences between the tax amounts payable specified in the book and the tax amounts under finalization will be adjusted when the tax finalization has been issued by the tax office.

**15. Accounting for borrowing, issuance of debt securities, equity instruments**

Borrowing costs are loan interest and other costs incurred in direct relation to borrowings of an enterprise; Borrowing costs are recognised as an interest expense in the year in which they are incurred. In case where the borrowing costs relate to borrowings in respect of the construction or production of uncompleted assets, they are capitalised as part of the cost of the assets concerned when they satisfy conditions stipulated in the Vietnamese Accounting Standards.



**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND***15. Accounting for borrowing, issuance of debt securities, equity instruments**

Borrowing costs are loan interest and other costs incurred in direct relation to borrowings of an enterprise; Borrowing costs are recognised as an interest expense in the year in which they are incurred. In case where the borrowing costs relate to borrowings in respect of the construction or production of uncompleted assets, they are capitalised as part of the cost of the assets concerned when they satisfy conditions stipulated in the Vietnamese Accounting Standards.

**16. Owners' equity**

**The owners' equity** is the amount that is initially contributed or supplemented by shareholders, supplemented from profit after tax in accordance with the resolution of the General Meeting of Shareholders or in accordance with the Charter of the Bank's operation. The owners' equity will be recorded at the actual contributed capital by cash or assets calculated according to the par value of issued shares in the early establishment period or additional mobilization to expand Bank's operation.

**Share premium** is the difference between the cost over and above the nominal value of the first issued, additionally issued share or reissued treasury share. In case where shares are bought to cancel immediately at the purchase date, shares' value for business capital written down at purchase date is the actual repurchase price and the business resource should be written down in details according to the par value and share premium of the repurchased shares.

**Other owners' capital:** Business resource which is added from the operating result, assets revaluation and residual value of the fair value of the offered, sponsored assets after deducting taxes payable (if any) related to these assets.

**Principles for recognising undistributed profit:**

Principle for recognising undistributed profit: the undistributed profit is recorded as the profit (loss) from the Bank's result of operation after deducting the current year corporate income tax and the adjusted items due to the retroactive application of changes in accounting policy and adjustments for material misstatement of the previous year.

The distribution of profit and allocation of funds is based on the charter of the Bank and report to the Board of Management that adopted by General Meeting of Shareholders annually.

**17. Entrusted operations at the risk of credit institutions**

The Bank carries out entrusting activities for investment, lending,... on behalf of individuals, economic organizations or other credit institutions.

The value of investment capital by entrusted and trust funds is recognized when the trust contract has been entered into and the trust fund has been executed. The rights and obligations of the trustee and the entrustor with respect to profit, distribution of profits, entrustment fees and other rights and obligations stipulated in the entrustment contract.

Entrusted operations of the Bank are including:

***Entrusted operations of the Bank is not at risk***

Assets held for the purpose of entrusted trust management, trusteeship and lending are not considered assets of the Bank and therefore not included in the Bank's financial statements.

***Entrusted operations of the Bank is at risk***

The bank performs entrusted lending activities to re-lend to customers. The Bank recognizes outstanding loans from entrusted funds to loans to customers. The accounting policies for re-lending to customers is in accordance with the regulations of the SBV, as mentioned in explanatory note No. 5.

**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND***18. Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**19. Principles for recording earnings per share**

Basic earnings per share is calculated by dividing net income available to common shareholders after appropriating to Bonus and Welfare Fund by the weighted-average number of common shares outstanding during the period.

**V. Additional information for items presented in the Consolidated Balance Sheet:****1. Cash, gold, silver, gemstones**

	<b>Dec. 31, 2016</b>	<b>Jan. 01, 2016</b>
Cash in VND	250.063.591.800	182.456.500.700
Cash in foreign currencies	48.604.158.549	43.387.053.145
Monetary gold	95.379.055.800	108.706.689.690
<b>Total</b>	<b>394.046.806.149</b>	<b>334.550.243.535</b>

**2. Balances with the State Bank of Vietnam**

	<b>Dec. 31, 2016</b>	<b>Jan. 01, 2016</b>
Payment deposits at the SBV	250.032.797.911	506.560.690.117
<i>VND</i>	<i>174.408.405.604</i>	<i>431.586.082.718</i>
<i>Gold and Foreign currencies</i>	<i>75.624.392.307</i>	<i>74.974.607.399</i>
<b>Total</b>	<b>250.032.797.911</b>	<b>506.560.690.117</b>

**3. Cash at other credit institutions and loans granted to other credit institutions****3.1. Deposits at other institutions**

	<b>Dec. 31, 2016</b>	<b>Jan. 01, 2016</b>
Demand deposits	4.402.159.386.090	495.032.212.211
<i>VND</i>	<i>4.314.430.762.681</i>	<i>416.008.491.148</i>
<i>Foreign currencies</i>	<i>87.728.623.409</i>	<i>79.023.721.063</i>
Term deposits	5.500.000.000.000	3.800.000.000.000
<i>VND (*)</i>	<i>5.500.000.000.000</i>	<i>3.800.000.000.000</i>
<b>Total</b>	<b>9.902.159.386.090</b>	<b>4.295.032.212.211</b>



**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND*

(\*) Details of VND term deposits at credit institutions are as follows:

	Amount	Maturity date
Lien Viet Post Joint Stock Commercial Bank	200.000.000.000	January 05, 2017
Lien Viet Post Joint Stock Commercial Bank	300.000.000.000	February 15, 2017
Saigon – Hanoi Commercial Joint Stock Bank	500.000.000.000	January 04, 2017
Tien Phong Commercial Joint Stock Bank	200.000.000.000	January 13, 2017
Tien Phong Commercial Joint Stock Bank	500.000.000.000	February 14, 2017
Tien Phong Commercial Joint Stock Bank	500.000.000.000	February 16, 2017
Tien Phong Commercial Joint Stock Bank	500.000.000.000	January 17, 2017
Tien Phong Commercial Joint Stock Bank	600.000.000.000	January 20, 2017
Tien Phong Commercial Joint Stock Bank	700.000.000.000	January 24, 2017
Vietnam Public Joint-stock Commercial Bank	1.000.000.000.000	January 03, 2017
National Citizen Commercial Joint Stock Bank	500.000.000.000	January 06, 2017
<b>Total</b>	<b>5.500.000.000.000</b>	

3.2. Loans granted to other credit institutions	Dec. 31, 2016	Jan. 01, 2016
Foreign currencies	288.067.000.000	284.570.000.000
National Citizen Commercial Joint Stock Bank	288.067.000.000	284.570.000.000
<b>Total of deposits with and loans to other credit institutions</b>	<b>10.190.226.386.090</b>	<b>4.579.602.212.211</b>

Analysis quality loan portfolio, deposits with other credit institution:	Dec. 31, 2016	Jan. 01, 2016
- Current debts	5.788.067.000.000	4.084.570.000.000
<b>Total</b>	<b>5.788.067.000.000</b>	<b>4.084.570.000.000</b>

**4. Held-for-trading securities**

4.1 Debt Securities	Dec. 31, 2016	Jan. 01, 2016
- Government Securities, local government securities	1.331.434.500.000	-
<b>Total</b>	<b>1.331.434.500.000</b>	<b>-</b>

4.2 Equity Securities	Dec. 31, 2016	Jan. 01, 2016
- Equity securities issued by domestic economic organizations	39.450.061.726	107.527.745.273
<b>Total</b>	<b>39.450.061.726</b>	<b>107.527.745.273</b>

4.3 Other trading securities	Dec. 31, 2016	Jan. 01, 2016
------------------------------	---------------	---------------

4.4 Provisions for losses of held-for-trading securities	(2.162.363.538)	(3.292.108.726)
In which: - Provision for impairment	(2.162.363.538)	(3.292.108.726)
- General provision	-	-
- Specific provision	-	-



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 4.5 Notes on the listed status of trading securities

	Dec. 31, 2016	Jan. 01, 2016
Debt Securities:	1.331.434.500.000	-
+ Listed	1.331.434.500.000	-
+ Unlisted	-	-
Equity Securities:	39.450.061.726	107.527.745.273
+ Listed	38.946.061.726	107.023.745.273
+ Unlisted	504.000.000	504.000.000

## 5. Loans granted to customers

## 5.1 Loans granted to customers

	Dec. 31, 2016	Jan. 01, 2016
Loans granted to local economic institutions, individuals	30.378.476.824.058	20.227.299.432.186
Commercial paper discount and valuable documents	31.070.374.804	18.987.210.880
Capital financed, entrusted for investment	6.142.396.000	21.425.353.343
<b>Total</b>	<b>30.415.689.594.862</b>	<b>20.267.711.996.409</b>

## - Analysis by loan quality

	Dec. 31, 2016	Jan. 01, 2016
Current debts	29.729.194.312.968	19.078.104.378.476
Special mentioned debts	35.469.481.610	730.827.130.765
Sub-standard debts	309.791.704.057	9.736.187.288
Doubtful debts	7.253.711.894	71.959.903.858
Bad debts	333.980.384.333	377.084.396.022
<b>Total</b>	<b>30.415.689.594.862</b>	<b>20.267.711.996.409</b>

## - Analysis by loan term

	Dec. 31, 2016	Jan. 01, 2016
Short-term	5.487.108.778.015	5.235.772.704.372
Medium	6.860.408.575.643	5.030.448.139.903
Long-term	18.068.172.241.204	10.001.491.152.134
<b>Total</b>	<b>30.415.689.594.862</b>	<b>20.267.711.996.409</b>

## - Analysis by type of customer and form of business

	Dec. 31, 2016	Jan. 01, 2016
State-owned company	-	434.000.000
Limited liability company	4.720.100.805.103	3.403.315.200.276
Joint-stock company	22.478.952.989.088	13.723.246.527.499
Individuals and others	3.216.635.800.671	3.140.716.268.634
<b>Total</b>	<b>30.415.689.594.862</b>	<b>20.267.711.996.409</b>

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## - Analysis by industry

	Dec. 31, 2016	Jan. 01, 2016
Construction	5.883.570.973.129	5.310.060.542.985
Trade, production and processing	3.657.933.204.756	3.463.664.226.191
Warehousing, transportation and communications	941.461.179.918	974.976.692.739
Agriculture and forestry	831.243.650.106	678.540.081.392
Individuals and others	19.101.480.586.953	9.840.470.453.102
<b>Total</b>	<b>30.415.689.594.862</b>	<b>20.267.711.996.409</b>

## 5.2 Movements (increase / decrease) in provision for loan losses

	<i>Dự phòng chung</i>	<i>Dự phòng cụ thể</i>
<b>Current year</b>		
Opening balance	140.710.665.286	87.300.152.585
Provisions made (reversed)	70.209.594.491	162.522.985.012
Use of provision for credit loss in the year	-	(50.672.666.235)
<b>Closing balance</b>	<b>210.920.259.777</b>	<b>199.150.471.362</b>
<b>Prior year</b>		
Opening balance	105.282.000.000	83.504.631.016
Provisions made (reversed)	35.428.665.286	92.479.371.921
Use of provision for credit loss in the year	-	(88.683.850.352)
<b>Closing balance</b>	<b>140.710.665.286</b>	<b>87.300.152.585</b>
<b>Details of provisions</b>	<b>Dec. 31, 2016</b>	<b>Jan. 01, 2016</b>
Provisions for credit losses of loans and advances to customers	410.070.731.139	228.010.817.871
+ General provision	210.920.259.777	140.710.665.286
+ Specific provision	199.150.471.362	87.300.152.585
<b>Total</b>	<b>410.070.731.139</b>	<b>228.010.817.871</b>

## 6. Debts purchasing activities

	Dec. 31, 2016	Jan. 01, 2016
- Purchased debts in VND	2.950.946.560	-
- Purchased debts in foreign currencies	-	38.991.877.497
- Provision for risk	-	-
<b>Total</b>	<b>2.950.946.560</b>	<b>38.991.877.497</b>
<b>Value of principal and interests of purchased debts as follows:</b>	<b>Dec. 31, 2016</b>	<b>Jan. 01, 2016</b>
- Principal of purchased debts	2.950.946.560	38.991.877.497
- Interests of purchased debts	-	2.505.815.065
<b>Total</b>	<b>2.950.946.560</b>	<b>41.497.692.562</b>

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 7. Investment securities

## 7.1. Available-for-sale securities

	Dec. 31, 2016	Jan. 01, 2016
a. Debt securities	11.250.993.857.754	8.520.914.155.139
- Government Securities, local government securities	1.625.179.700.198	1.008.166.078.677
- Debt securities issued by domestic economic organizations	9.625.814.157.556	7.512.748.076.462
b. Equity securities	86.824.900.000	131.122.400.000
- Equity securities issued by domestic economic organizations	86.824.900.000	131.122.400.000
c. Allowance for available-for-sale securities	(56.255.832.000)	(41.831.768.000)
In which: - Provision for impairment	(56.255.832.000)	(41.831.768.000)
<b>Total</b>	<b>11.281.562.925.754</b>	<b>8.610.204.787.139</b>

## 7.2. Held-to-maturity securities (excluding special bonds issued by VAMC)

	Dec. 31, 2016	Jan. 01, 2016
- Debt securities issued by domestic economic entities(*)	400.000.000.000	-
<b>Total</b>	<b>400.000.000.000</b>	<b>-</b>

(\*) Investments in bond companies as following:

Issuers	Maturity date	Interest rate	Number of bonds	Value of investment
Dien Bien Song Hong Energy Joint Stock Company	108 months	11,5% in the first 12 months; float = mobilizing interest rate + 4% for the rest of the time	400	400.000.000.000
<b>Total</b>				<b>400.000.000.000</b>

## 7.3. Special bonds issued by VAMC

	Dec. 31, 2016	Jan. 01, 2016
- Special bonds' par value	2.504.722.289.224	2.699.949.989.750
- Provision for special bonds	(369.267.201.988)	(253.690.641.602)
<b>Total</b>	<b>2.135.455.087.236</b>	<b>2.446.259.348.148</b>

## 8. Capital contribution, long-term investments

	Dec. 31, 2016	Jan. 01, 2016
- Analyze the value of investment by type		
Other long-term investments	247.433.630.000	315.653.224.400
<b>Total</b>	<b>247.433.630.000</b>	<b>315.653.224.400</b>



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 8. Capital contribution, long-term investments

Name	Dec. 31, 2016			Jan. 01, 2016		
	Original cost	Current value	Shareholding (%)	Original cost	Current value	Shareholding (%)
<b>Equity investments in other entities</b>	<b>247.433.630.000</b>	<b>247.433.630.000</b>		<b>315.653.224.400</b>	<b>315.653.224.400</b>	
<i>Hung Vuong Insurance Joint Stock Company</i>	<i>112.200.000.000</i>	<i>112.200.000.000</i>	<i>11,00%</i>	<i>112.200.000.000</i>	<i>112.200.000.000</i>	<i>11,00%</i>
<i>Viet Capital Healthcare Fund (VCHF)</i>	-	-	-	<i>53.902.194.400</i>	<i>53.902.194.400</i>	<i>10,00%</i>
<i>Son Tra Joint Stock Company</i>	<i>49.500.000.000</i>	<i>49.500.000.000</i>	<i>8,25%</i>	<i>49.500.000.000</i>	<i>49.500.000.000</i>	<i>8,25%</i>
<i>YENBAI VPG MINERAL Joint Stock Company</i>	<i>41.850.000.000</i>	<i>41.850.000.000</i>	<i>10,92%</i>	<i>41.850.000.000</i>	<i>41.850.000.000</i>	<i>10,92%</i>
<i>Vinh Hao Mineral Water Joint Stock Company</i>	<i>15.565.380.000</i>	<i>15.565.380.000</i>	<i>4,23%</i>	<i>15.565.380.000</i>	<i>15.565.380.000</i>	<i>4,23%</i>
<i>Saigon Technologies, Inc.</i>	<i>13.727.910.000</i>	<i>13.727.910.000</i>	<i>7,54%</i>	<i>13.727.910.000</i>	<i>13.727.910.000</i>	<i>7,54%</i>
<i>Saigon Engineering Construction Investment Corporation (ECI SAIGON)</i>	<i>10.183.620.000</i>	<i>10.183.620.000</i>	<i>11,00%</i>	<i>10.183.620.000</i>	<i>10.183.620.000</i>	<i>11,00%</i>
<i>Ba Ria - Vung Tau Tourist Joint Stock Company</i>	-	-	-	<i>9.060.000.000</i>	<i>9.060.000.000</i>	<i>1,61%</i>
<i>Minh Dam Tourist Joint Stock Company</i>	-	-	-	<i>3.007.400.000</i>	<i>3.007.400.000</i>	<i>3,01%</i>
<i>Tam Thong Real Estate Joint Stock Company</i>	-	-	-	<i>2.250.000.000</i>	<i>2.250.000.000</i>	<i>2,25%</i>
<i>National Payment Corporation of Vietnam</i>	<i>2.000.000.000</i>	<i>2.000.000.000</i>	<i>0,83%</i>	<i>2.000.000.000</i>	<i>2.000.000.000</i>	<i>1,36%</i>
<i>International Trading Joint Stock Company</i>	<i>904.720.000</i>	<i>904.720.000</i>	<i>10,00%</i>	<i>904.720.000</i>	<i>904.720.000</i>	<i>10,00%</i>
<i>SJC Saigon Jewelry Joint Stock Company</i>	<i>672.000.000</i>	<i>672.000.000</i>	<i>8,00%</i>	<i>672.000.000</i>	<i>672.000.000</i>	<i>8,00%</i>
<i>The Ho Chi Minh City Credit Guarantee Fund For Small - Medium Enterprises</i>	<i>500.000.000</i>	<i>500.000.000</i>	<i>0,25%</i>	<i>500.000.000</i>	<i>500.000.000</i>	<i>0,25%</i>
<i>LCI, JSC</i>	<i>330.000.000</i>	<i>330.000.000</i>	<i>0,11%</i>	<i>330.000.000</i>	<i>330.000.000</i>	<i>0,11%</i>
<b>Provision for decline in the value of long-term investments</b>	-	-	-	-	-	-
<b>Total</b>	<b>247.433.630.000</b>	<b>247.433.630.000</b>		<b>315.653.224.400</b>	<b>315.653.224.400</b>	

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 9. Tangible fixed assets

- Increase/decrease of tangible fixed assets in this year:

Items	Buildings & structures	Machinery & equipment	Transportation & facilities	Others	Total
Original cost					
Opening balance	85.213.158.013	135.139.625.490	55.985.885.605	7.253.798.414	283.592.467.522
- New purchases	-	1.126.513.900	5.758.760.000	53.900.000	6.939.173.900
- Transfers from construction in progress	7.299.551.930	-	-	-	7.299.551.930
- Disposal, sale	(5.985.422.247)	(192.504.799)	(2.248.939.585)	-	(10.091.771.721)
- Other decreases	(409.229.822)	(32.396.666)	-	-	(499.629.288)
Closing balance	86.118.057.874	136.041.237.925	59.495.706.020	7.307.698.414	287.239.792.343
Accumulated depreciation					
Opening balance	19.902.901.389	90.039.648.674	35.221.159.072	-	149.065.415.128
- Charge for the year	3.029.065.510	14.041.559.533	6.525.686.655	-	23.818.495.328
- Disposal, sale	(1.536.258.388)	(240.999.953)	(81.472.762)	-	(3.520.244.286)
- Other decreases	-	(32.396.666)	-	-	(90.399.466)
Closing balance	21.395.708.511	103.807.811.588	41.665.372.965	-	169.273.266.704
Net book value					
As at beginning of the year	65.310.256.624	45.099.976.816	20.764.726.533	7.253.798.414	134.527.052.394
As at the end of the year	64.722.349.363	32.233.426.337	17.830.333.055	7.307.698.414	117.966.525.639



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 10. Intangible fixed assets

- Increase/decrease of intangible fixed assets in this year:

Items	Land use rights which are indefinite term	Computer software	Others	Total
Original cost				
Opening balance	123,325,827,741	94,525,293,214	5,691,235,385	223,542,356,340
- Other increases	11,180,828,600	-	-	11,180,828,600
- Disposal, sale	(22,505,135,000)			(22,505,135,000)
Closing balance	112,001,521,341	94,525,293,214	5,691,235,385	212,218,049,940
Accumulated depreciation				
Opening balance	-	74,461,500,083	5,066,235,389	79,527,735,472
- Charge for the year	-	6,063,571,943	250,000,002	6,313,571,945
Closing balance	-	80,525,072,026	5,316,235,391	85,841,307,417
Net book value				
As at beginning of the year	123,325,827,741	20,063,793,131	624,999,996	144,014,620,868
As at the end of the year	112,001,521,341	14,000,221,188	374,999,994	126,376,742,523

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 11. Other assets

	Dec. 31, 2016	Jan. 01, 2016
1. Capital construction in progress	4.361.399.646	11.733.005.669
2. Receivables	1.905.376.975.814	1.201.456.482.078
3. Accrued interest and fees receivable	2.802.403.747.867	3.005.872.361.055
4. Other assets	232.657.151.279	404.815.933.899
<b>Total</b>	<b>4.944.799.274.606</b>	<b>4.623.877.782.701</b>

## 11.1 Capital construction in progress

	Dec. 31, 2016	Jan. 01, 2016
In which: Great works:		
+ Construction of the Transaction Office	-	7.371.606.023
+ Nadara Credit Software	3.028.144.000	3.028.144.000
+ Internal credit rating system	977.134.500	977.134.500
+ Construction of Quy Nhon Branch	356.121.146	356.121.146
<b>Total</b>	<b>4.361.399.646</b>	<b>11.733.005.669</b>

## 11.2 Receivables

	Dec. 31, 2016	Jan. 01, 2016
- Internal receivables	-	-
- External receivables	1.905.376.975.814	1.201.456.482.078
+ Receivables from trading of valuable papers, securities with National Securities Joint Stock Company ("NSI")	990.708.010.050	454.196.795.335
+ Receivable from the sale of shares	204.600.000.000	246.200.000.000
+ Advance for business cooperation contract	450.000.000.000	450.000.000.000
+ Advances for court fees	7.739.177.757	8.800.394.864
+ Advances for construction, repair office	8.917.785.476	5.064.151.405
+ Advance for Board of Managements	-	2.520.425.151
+ Deposit for the headquarters rental	10.641.416.660	9.002.846.660
+ Deposit at EXIMBANK	5.942.250.000	5.942.250.000
+ Deductible value added tax	4.033.299.045	666.678.558
+ Receivable from Otrun Energy Joint Stock Company	44.135.299.045	-
+ Receivable from Huy Hoang Mineral Joint Stock Company	2.200.000.000	-
+ Deposit for real estate purchasing contract	152.882.930.793	-
+ Others	23.576.806.988	19.062.940.105
<b>Total</b>	<b>1.905.376.975.814</b>	<b>1.201.456.482.078</b>

## 11.3 Accrued interest and fees receivable

	Dec. 31, 2016	Jan. 01, 2016
- Interest receivable from loans and advances to customers (*)	1.683.723.004.709	1.963.571.524.997
- Interest receivable from investment securities	516.938.233.744	492.615.736.366
- Interest receivable from deposits	529.242.509.414	477.185.099.692
- Interest receivable from advance capital for business cooperation contract	72.500.000.000	72.500.000.000
<b>Total</b>	<b>2.802.403.747.867</b>	<b>3.005.872.361.055</b>



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

(\*): Included in interest receivable from loans to customers as at 31 December 2016 were interests receivable from three customers amounted to VND 335 billion that was approved by the State Bank of Vietnam to be settled December 31, 2017. Therefore, the Bank did not apply the policies of accounting as described in Note IV.2 - "Accounting for interest income, interest expenses and termination of interest accruals" for these interests receivable.

	Dec. 31, 2016	Jan. 01, 2016
<b>11.4 Other assets</b>		
- Pending foreclosed assets	17.679.643.454	177.298.840.707
- Foreclosed assets of Huynh Thong Company	-	177.298.840.707
- Foreclosed assets of Le Van Tang	6.898.590.014	-
- Foreclosed assets of Le Hai Tung	7.500.000.000	-
- Foreclosed assets of Hai Toan Company	3.281.053.440	-
- Foreclosed assets	164.388.780.425	175.331.360.425
- Received from Lan Anh Co., Ltd	147.755.100.000	147.755.100.000
- Received from Nhat Thai Trading Co., Ltd	-	10.942.580.000
- Received from individual customers	16.633.680.425	16.633.680.425
- Expenses awaiting allocation	30.809.034.905	31.016.131.224
- Receivables related to futures trading contract	14.280.000.000	14.280.000.000
- Materials, tools	804.605.368	3.302.160.605
- Deposit book, white bill, check	3.388.922.345	3.297.952.112
- Other receivables	1.306.164.782	289.488.826
<b>Total</b>	<b>232.657.151.279</b>	<b>404.815.933.899</b>
<b>12. Deposits and borrowings from other credit institutions</b>		
<b>12.1. Deposits from other credit institutions</b>	<b>Dec. 31, 2016</b>	<b>Jan. 01, 2016</b>
a. Demand deposits	4.314.005.257.542	320.920.378.989
- VND	4.314.005.257.542	320.920.378.989
b. Term deposits	8.305.000.000.000	4.690.000.000.000
- VND	8.305.000.000.000	4.690.000.000.000
<b>Total</b>	<b>12.619.005.257.542</b>	<b>5.010.920.378.989</b>
<b>12.2. Borrowings from other credit institutions</b>	<b>Dec. 31, 2016</b>	<b>Jan. 01, 2016</b>
- VND	10.875.930.315.463	7.372.721.062.000
- Foreign currencies	332.343.367.892	481.719.356.337
<b>Total</b>	<b>11.208.273.683.355</b>	<b>7.854.440.418.337</b>
<b>Total of deposits and borrowings from other credit institutions</b>	<b>23.827.278.940.897</b>	<b>12.865.360.797.326</b>
<b>13. Deposits from customers</b>		
- Analysis by type	<b>Dec. 31, 2016</b>	<b>Jan. 01, 2016</b>
Demand deposits, gold	1.725.172.042.000	897.958.032.317
- VND	1.678.851.402.944	870.041.879.207
- Gold and foreign currencies	46.320.639.056	27.916.153.110
Term deposits, gold	30.171.847.396.400	23.288.552.619.431
- VND	29.243.303.856.521	22.358.436.352.976
- Gold and foreign currencies	928.543.539.879	930.116.266.455

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 13. Deposits from customers (cont.)

## - Analysis by type (cont.)

	Dec. 31, 2016	Jan. 01, 2016
Deposits for special purposes	5.468.481	5.411.484
Deposits	292.691.092.248	253.283.807.256
- VND	287.840.856.465	233.995.955.260
- Gold and foreign currencies	4.850.235.783	19.287.851.996
<b>Total</b>	<b>32.189.715.999.129</b>	<b>24.439.799.870.488</b>

## - Analysis by type of customer and form of business

	Dec. 31, 2016	Jan. 01, 2016
Deposits from economic institutions	8.089.119.762.017	5.200.510.191.912
State-Owned enterprise	409.660.841.065	504.443.979.959
Joint stock companies, limited liability companies and private companies	7.543.380.324.516	4.673.676.653.266
Foreign invested companies	136.078.596.436	22.389.558.687
Individuals and others	24.100.596.237.112	19.239.289.678.576
<b>Total</b>	<b>32.189.715.999.129</b>	<b>24.439.799.870.488</b>

## 14. Grants, trusted funds and borrowings at risk of the credit institution

	Dec. 31, 2016	Jan. 01, 2016
Grants, trusted funds and loans in VND	43.473.180.000	26.134.500.000
<b>Total</b>	<b>43.473.180.000</b>	<b>26.134.500.000</b>

## 15. Valuable papers issued

	Dec. 31, 2016	Jan. 01, 2016
Certificates of deposit	675.349.403.443	8.477.026.500
- Certificates of deposits with terms of less than 12 months in VND	301.474.823.743	8.477.026.500
- Certificate of deposits with term from 12 months to 5 years in VND	373.874.579.700	-
<b>Total</b>	<b>675.349.403.443</b>	<b>8.477.026.500</b>

## 16. Other liabilities

	Dec. 31, 2016	Jan. 01, 2016
Internal payables	-	-
External payables (*)	47.352.933.750	97.027.442.762
Accrued interest and fees payable	653.149.679.227	508.888.150.992
Bonus and welfare fund	11.220.276.199	12.932.833.769
<b>Total</b>	<b>711.722.889.176</b>	<b>618.848.427.523</b>



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

(\*): External payables include:

- Taxes and other payables to the State Budget	1.911.896.247	29.679.469.180
- Legal fees payable	-	21.499.588.656
- Remittances payable	11.261.495.062	13.658.565.938
- Amounts awaiting for settlement	13.176.000.031	13.200.492.511
- Dividend payable	-	6.566.689.834
- Periodical interest for deposits	6.815.368.376	4.707.155.240
- Money is awaiting payment to customers	4.000.000.000	4.000.000.000
- Payable for buying real estate of Mr. Pham Van Dan	600.000.000	-
- Property assessment fee	520.078.000	-
- Stock transfer	-	469.860.000
- Unearned revenue	39.415.938	20.231.109
- Other payables	9.028.680.096	3.225.390.294

Total

47.352.933.750

97.027.442.762

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENT

For the fiscal year ended December 31, 2016

Unit: VND

## 17. Capital and funds of credit institutions

## 17.1. Statement of changes in equity

Items	Paid-in capital	Share premium	Owners' other capital	Investment and development fund	Financial reserve	Reserve to supplement share capital	Undistributed earnings/Accumulated losses	Total
Balance at 1 January 2015	3,098,000,000,000	108,218,800,000	13,328,945	141,406	133,555,540,994	65,164,855,380	231,003,951,958	3,635,956,618,683
- Capital increase from reserves and share premium	170,690,270,000	(108,120,200,000)	-	-	-	(62,570,070,000)	-	-
- Capital increase from additional share issuance	231,300,200,000	-	-	-	-	-	-	231,300,200,000
- Net profit for the year	-	-	-	-	-	-	81,966,642,679	81,966,642,679
- Appropriations to reserves and funds	-	-	-	-	8,196,664,268	4,098,332,134	(12,294,996,402)	-
- Appropriation to bonus and welfare funds	-	-	-	-	-	-	(21,325,589,149)	(21,325,589,149)
- Other decreases	-	-	-	-	-	-	(8,339,839,955)	(8,339,839,955)
Balance at 31 December 2015	3,499,990,470,000	98,600,000	13,328,945	141,406	141,752,205,262	6,693,117,514	271,010,169,131	3,919,558,032,258
Balance at 1 January 2016	3,499,990,470,000	98,600,000	13,328,945	141,406	141,752,205,262	6,693,117,514	271,010,169,131	3,919,558,032,258
- Net profit for the year	-	-	-	-	-	-	99,430,023,841	99,430,023,841
- Appropriations to reserves and funds	-	-	-	-	9,943,002,384	4,971,501,192	(14,914,503,576)	-
- Other increases	-	-	-	-	-	-	805,302,413	805,302,413
- Other decreases	-	-	-	-	-	-	(2,141,586,778)	(2,141,586,778)
Balance at 31 December 2016	3,499,990,470,000	98,600,000	13,328,945	141,406	151,695,207,646	11,664,618,706	354,189,405,031	4,017,651,771,734



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## Funds of credit institutions (cont.)

According to Decree No.57/2012/ND-CP dated July 20, 2012 issued by the Government, Commercial Joint Stock Bank has to set up funds before dividends and after distributing profit to associate members under the provisions of the contract (if any), to offset the losses of the previous years has expired to deducted from profit before corporate income tax as follows:

- Set up reserve fund for supplementing the chartered capital at 5% of the profit after tax. The maximum balance of this fund has to equal the chartered capital of the credit institutions. This fund will be transferred to the chartered capital upon the approval of the State Bank of Vietnam and State Security Commission of Vietnam.
- Charge 10% for finance reserve fund; the maximum balance of this fund is not allowed to exceed 25% of the chartered capital of credit institutions. This fund is used to compensate for the remaining portion of losses, damages of assets in the business course after the organizations, individuals causing the loss, damage, insurance organizations have made compensation and provision has been used.
- Set up other funds like construction investment fund, bonus and welfare fund.... suggested by the Bank and approved by the Shareholders' meeting.

## 17.2. Earnings per share

	Year 2016	Year 2015
- Profit or loss to calculate basic earnings per share	99.430.023.841	81.966.642.679
- Weighted average number of ordinary shares to calculate basic earnings per share	349.999.047	327.336.260
- Earnings per share	284	250

## 17.3. Details of share capital of credit institutions

	Dec. 31, 2016			Jan. 01, 2016		
	Amount	Ordinary share capital	Preferred share capital	Amount	Ordinary share capital	Preferred share capital
- Charter capital	3.499.990.470.000	3.499.990.470.000	-	3.499.990.470.000	3.499.990.470.000	-
- Share premium	98.600.000	98.600.000	-	98.600.000	98.600.000	-
- Other capital	13.328.945	13.328.945	-	13.328.945	13.328.945	-
Total	3.500.102.398.945	3.500.102.398.945	-	3.500.102.398.945	3.500.102.398.945	-

## 17.4. Dividends

	Year 2016	Year 2015
- Dividends disclosed after the balance sheet date:	Not yet declared	Undeclared

**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND***17.4. Shares**

	<b>Year 2016</b>	<b>Year 2015</b>
- Number of shares registered to be issued	-	-
- Number of shares sold out to the public	349.999.047	349.999.047
+ <i>Ordinary share</i>	349.999.047	349.999.047
+ <i>Preferred share</i>	-	-
- Number of shares repurchased	-	-
+ <i>Ordinary share</i>	-	-
+ <i>Preferred share</i>	-	-
- Number of existing shares in issue	349.999.047	349.999.047
+ <i>Ordinary share</i>	349.999.047	349.999.047
+ <i>Preferred share</i>	-	-

\* Par value: VND 10.000/share.

**VI. Additional Information for Items Presented in the Consolidated Income Statement****18. Interest income and similar incomes**

	<b>Year 2016</b>	<b>Year 2015</b>
Interest income from deposits	120.195.523.439	20.112.787.517
Interest income from loans granted to customers	2.242.441.392.999	1.568.032.523.388
Interest income from debt securities trading and investment	583.985.302.453	702.371.184.132
- <i>Interest income from trading securities</i>	-	-
- <i>Interest income from investment securities</i>	583.985.302.453	702.371.184.132
Income from guarantee activities	7.602.744.618	-
Other income from credit activities	186.906.677.457	580.657.659.485
<b>Total</b>	<b>3.141.131.640.966</b>	<b>2.871.174.154.522</b>

**19. Interest expenses and similar expenses**

	<b>Year 2016</b>	<b>Year 2015</b>
Deposits	1.923.564.798.496	1.369.986.136.301
Loan interests	369.077.889.653	389.463.375.875
Issuing valuable papers interest	2.553.519.942	167.313.689
Other credit activities' expenses	12.468.772.132	9.178.209.501
<b>Total</b>	<b>2.307.664.980.223</b>	<b>1.768.795.035.366</b>

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 20. Net gain/loss from services:

	Year 2016	Year 2015
<b>Gains from services</b>	<b>14.783.287.121</b>	<b>11.812.985.086</b>
Payment service	8.367.039.040	8.756.517.072
Treasury service	421.029.906	288.086.410
Other services	5.995.218.175	2.768.381.604
<b>Expenses of services</b>	<b>19.056.191.230</b>	<b>15.834.738.833</b>
Payment service	6.050.125.938	5.536.371.651
Treasury service	257.254.252	264.322.376
Other services	12.748.811.040	10.034.044.806
<b>Net gain/loss from services</b>	<b>(4.272.904.109)</b>	<b>(4.021.753.747)</b>

## 21. Net gain/loss from dealing in foreign currencies

	Year 2016	Year 2015
<b>Gains from dealing in foreign currencies</b>	<b>25.603.047.640</b>	<b>30.713.314.398</b>
Foreign currency for immediate delivery	19.125.333.472	21.795.991.460
Gold trading	6.477.714.168	8.917.322.938
<b>Expenses of dealing in foreign currencies</b>	<b>94.558.669.199</b>	<b>294.853.914.106</b>
Foreign currency for immediate delivery	31.600.604.046	37.593.484.537
Gold trading	62.958.065.153	257.260.429.569
<b>Net gain/loss from dealing in foreign currencies</b>	<b>(68.955.621.559)</b>	<b>(264.140.599.708)</b>

## 22. Net gain/(loss) from trading securities

	Year 2016	Year 2015
Income from dealing trading securities	119.945.034.515	7.045.310.780
Expenses of dealing trading securities	329.945.744	2.245.930.198
Provision for losses of trading securities expenses	799.164.000	2.243.155.444
Reversal of provision for losses of trading securities	1.129.745.188	3.344.798.456
<b>Net gain/(loss) from trading securities</b>	<b>119.945.669.959</b>	<b>5.901.023.594</b>

## 23. Net gain/(loss) form investment securities

	Year 2016	Year 2015
Income from dealing investment securities	11.249.174.845	68.740.104.738
Expenses of dealing investment securities	84.991.014.705	-
Provision for losses of investment securities expenses	13.624.900.000	41.831.768.000
Reversal of provision for losses of investment securities	-	3.000.000.000
<b>Net gain/(loss) form investment securities</b>	<b>(87.366.739.860)</b>	<b>29.908.336.738</b>



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

	Year 2016	Year 2015
<b>24. Net gain/(loss) from other activities</b>		
Income from other activities	180.484.357.466	147.646.623.230
<i>Disposal and sale of fixed assets</i>	54.763.850.910	133.518.761.201
<i>Interest from debt purchasing</i>	5.778.962.879	116.012.637
<i>Other income</i>	119.941.543.677	14.011.849.392
Expenses of other activities	29.252.115.658	146.948.304.227
<i>Net book value of fixed assets and disposal, sale of fixed assets</i>	26.954.298.859	56.417.244.445
<i>Fine amount</i>	1.992.199	86.537.091.014
<i>Other expenses</i>	2.295.824.600	3.993.968.768
<b>Net gain/(loss) from other activities</b>	<b>151.232.241.808</b>	<b>698.319.003</b>
<b>25. Income from capital contribution and purchase of shares</b>		
Dividends from capital contribution and purchase of shares	10.366.653.680	4.598.055.219
Long-term capital contribution, investments	10.366.653.680	4.598.055.219
<b>Total</b>	<b>10.366.653.680</b>	<b>4.598.055.219</b>
<b>26. Operating expenses</b>		
	<b>Year 2016</b>	<b>Year 2015</b>
1. Tax, duties and fees	1.141.557.487	459.527.163
2. Expenses for employees	249.168.954.660	233.806.950.789
<i>In which:</i>		
<i>Salaries and allowances</i>	220.231.239.062	207.306.833.528
<i>Salary related contributions</i>	21.565.112.733	19.585.192.486
<i>Others</i>	7.372.602.865	6.914.924.775
3. Expenses on assets	96.762.577.801	88.668.581.536
<i>In which:</i>		
<i>Depreciation and amortisation expenses</i>	30.054.127.673	31.126.814.772
<i>Office rental</i>	43.306.281.160	34.269.629.595
<i>Asset maintenance expenses</i>	23.402.168.968	23.272.137.169
4. Administration expenses	108.118.174.410	93.621.048.762
<i>In which:</i>		
<i>Marketing, promotion and printing expenses</i>	3.858.845.517	3.020.787.172
<i>Non-deductible value added tax</i>	7.061.413.986	4.688.891.144
<i>Utilities expenses</i>	9.306.190.357	9.829.519.648
<i>Telecommunication expenses</i>	3.282.373.198	3.260.889.747
<i>Others</i>	84.609.351.352	72.820.961.051
5. Insurance expenses	30.065.961.008	22.320.398.000
<b>Total</b>	<b>485.257.225.366</b>	<b>438.876.506.250</b>

**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND***27. Allowance expenses for credit losses**

	<b>Year 2016</b>	<b>Year 2015</b>
General allowance for credit losses on loans and advances to customers		
Addition	90.573.169.230	75.293.762.702
Reversal	(20.363.574.739)	(39.865.097.416)
Specific allowance for credit losses on loans and advances to customers		
Addition	196.096.417.432	114.130.360.895
Reversal	(23.737.694.034)	(21.650.988.974)
Allowance for special bonds of VAMC		
Addition	170.897.191.713	196.289.631.406
Reversal	(50.789.418.457)	(3.081.020.000)
<b>Total</b>	<b>362.676.091.145</b>	<b>321.116.648.613</b>

**28. Corporate income tax**

	<b>Year 2016</b>	<b>Year 2015</b>
Current corporate income tax expense:		
1. Profit before tax	106.482.644.151	115.329.345.392
2. Adjustments to taxable income:		
(Less) income under CIT:	14.590.359.180	13.486.894.219
Income from joint-venture, shares acquisition	14.590.359.180	13.486.894.219
Plus undeductible expenses in determining taxable income:	6.610.934.361	4.979.433.764
3. Taxable income	98.503.219.332	106.821.884.937
4. CIT calculated on taxable income	19.700.643.867	33.362.702.713
5. Adjustment of Corporate income tax of prior years to that of current year	(12.648.023.557)	-
6. Total current corporate income tax	7.052.620.310	33.362.702.713

**VII. Additional Information for Items Presented in the Consolidated Statement of Cash Flows**

	<b>Dec. 31, 2016</b>	<b>01/01/2016</b>
29. Cash and cash equivalents		
Cash and cash equivalents on hand	394.046.806.149	334.550.243.535
Deposits at State Bank of Vietnam	250.032.797.911	506.560.690.117
Cash, foreign currencies deposited at other credit institutions (Demand deposits and term deposits are not exceeding 3 months)	9.902.159.386.090	4.295.032.212.211
<b>Total</b>	<b>10.546.238.990.150</b>	<b>5.136.143.145.863</b>

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENT

For the fiscal year ended December 31, 2016

Unit: VND

## VIII. Other information

## 30. Personnel Income

Year 2016

Year 2015

## I. Total employees

1.678

1.601

## II. Income

## 1. Total salaries

197.880.200.795

190.345.862.824

## 2. Bonus

14.232.533.809

11.474.995.599

## 3. Other income

1.651.026.500

-

## 4. Total income (1+2+3)

213.763.761.104

201.820.858.423

## 5. Average annual salary/employee

117.926.222

118.891.857

## 6. Average annual income/employee

127.391.991

126.059.249

## 31. Clearance of obligations to the State Budget

Items	Opening balance	Movements during the year		Closing balance
		To be paid	Paid	
1. Value added tax	350.179.265	4.438.725.696	8.572.882.566	(3.783.977.605)
2. Corporate income tax	27.787.798.523	7.052.620.310	33.891.343.794	949.075.039
3. Personal income tax	872.143.900	7.874.802.314	8.034.436.448	712.509.766
4. Withholding tax	2.668.934	231.337.399	233.016.331	990.002
<b>Total</b>	<b>29.012.790.622</b>	<b>19.597.485.719</b>	<b>50.731.679.139</b>	<b>(2.121.402.798)</b>

## 32. Type and value of collaterals received from customers

## 32.1 Assets, valuable papers for mortgage, pledge and discount, rediscount

Giá trị đến

31/12/2016

Giá trị đến

01/01/2016

## Real estates

26.631.602.812.146

23.014.417.276.790

## Shares and valuable papers

19.205.300.293.447

6.397.529.707.663

## Inventories

1.527.219.100.366

1.456.276.346.865

## Machinery and equipment

776.076.017.857

767.398.595.749

## Others

75.705.950.042.897

27.839.406.001.186

## Total

123.846.148.266.713

59.475.027.928.253

## 33. Contingencies and commitments

Items	Dec. 31, 2016	01/01/2016
Payment guarantees	-	-
Commitments on foreign currency transactions	1.396.017.000.000	470.635.000.000
Commitments on purchase of foreign currencies	731.247.000.000	470.635.000.000
Commitments on sale foreign currency	664.770.000.000	-
Cross currency swap contracts	-	-



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 33. Contingencies and commitments (cont.)

Items	Dec. 31, 2016	01/01/2016
Letters of credit	102.043.867.730	23.990.034.005
Commitment on payment in L/C transactions	102.043.867.730	23.990.034.005
Other guarantees	454.761.755.695	328.621.420.877
Payment	222.637.928.167	203.607.890.064
Contract performance	92.803.809.471	99.772.365.557
Bidding	3.908.005.000	1.936.650.000
Others	135.412.013.057	23.304.515.256
<b>Total</b>	<b>1.952.822.623.425</b>	<b>823.246.454.882</b>

## 34. Related party transactions

Key transactions and balances with related parties:

Related parties	Relationship	Transactions	Movement	Closing Balance as at Dec. 31, 2016 Receivables/ (Payables)
Party Committee of Ho Chi Minh City	Shareholders	Interest on deposits	35.776	-
		Balance of deposits		(11.749.570)
Hoa Binh Investment and Development Joint Stock Company	Shareholders	Interest on deposits	1.595.245	-
		Balance of deposits	-	(6.772.899)
		Interest income from loans	38.128.437.510	-
		Balance of loan	-	332.256.907.778
Rang Dong Joint Stock Company	Shareholders	Interest on deposits	102.203	-
		Balance of deposits		(10.108.113)
Viet Phuong Investment Group Joint Stock Company	Shareholders	Interest on deposits	626.041	-
		Balance of deposits		(6.415.037)
Cuchi Commercial And Industrial Developing Investment Joint Stock Company (Cidico)	Shareholders	Interest on deposits	14.123.221.013	-
		Balance of deposits		(252.617.920.397)
Saigon Jewelry Company Limited Company	Shareholders	Interest on deposits	2.068.889	-
		Balance of deposits		(31.550.769)
Members of the Board of Management	Related parties	Interest on deposits	44.752.875	-
		Balance of deposits		(302.316.246)
		Remuneration	3.825.333.334	-

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 34. Related party transactions (cont.)

Key transactions and balances with related parties:

			Closing Balance as at Dec. 31, 2016	
Related parties	Relationship	Transactions	Movement	Receivables/ (Payables)
Members of the Board of Supervisors	Related parties	Interest on deposits	163,836,250	-
		Balance of deposits		(2,105,199,859)
		Remuneration	849,500,000	-
Members of the Board of Directors	Related parties	Interest on deposits	95,474	-
		Balance of deposits		(19,647,220)
		Salary and bonus	5,390,787,409	-

## 35. Subsequent events

There are no significant events since the year end that need to be adjusted or noted in the financial statements.

## 36. Geographical concentration of assets, liabilities and off-balance sheet items

	Total outstanding of loans	Total deposits	Credit commitments	Derivative instruments (total value by contract)	Securities trading and investing
Local	30,703,756,594,862	10,143,308,363,758	1,952,822,623,425	-	15,613,425,608,704
Overseas	-	8,883,820,243	-	-	-

## 37. Segment reporting

A reportable segment includes business segment or a geographical segment.

A business segment is a distinguishable component of the Bank that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Bank that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments. A geographic area does not include activities in the economically environment at risk and economic benefits differ significantly. A geographic area may be a country, two or more countries or one, two or more provinces or cities in the country.

The Bank presents major segment reporting by geographical segment, the minor segment reporting by business sector.

The reportable segment is presented from Page 46 to Page 48.



**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND***38. Financial risk management**

The financial risks to be incurred by the Bank include credit risk, market risk and operating risk.

**38.1 Credit risks**

Credit risks are incurred in case the bank's customers and partners do not fulfill their obligations causing the financial loss. The credit risks are resulted from loans and guarantee under all form.

The Bank bears credit risks in investments in debt securities and other risks in its transactions ("transaction risk") including assets in the list of transactions outside the owners' equity, derivative instruments and payments outstanding with partners.

The credit risks are the most significant risks in the Bank's business, so the Board of Management manages them carefully. A division for managing credit risks, which is responsible for frequently reporting to the Board of Directors and the head of each unit are in charge of the management and control of credit risks.

**38.1.1 Measurement of credit risk for determining loss and making provision****(a) Loans and guarantee**

The measurement of credit risks are done before and during the lending term.

The Bank has built the model for supporting the measurement of credit risk. The scaling model is used in all material items and set a foundation for measuring the risks of violation on payment provision before and during the lending term.

Based on the above measurement, the Bank classifies loans and makes provision in compliance with Circular No. 02/2013/TT-NHNN dated January 21, 2013 and Circular 09/2014/TT-NHNN dated March 18, 2014 of the State Bank to measure and classify loans and guarantees as presented in Note V.5.

**(b) Debt securities**

Investments of the Bank in debt securities are debts instruments issued by the Government and prestigious credit, economic institutions. Credit risks are estimated by each specific debt in case the Bank assumes that there is change in credit risk of its partners. These investments are considered as a way to ensure a better credit plan and maintain available credit sources for meeting requirements of capital supply.

**38.1.2 Policies to control and minimize credit risks**

The Bank controls credit risks by applying the credit limit to risks (in and off-balance sheet) relating to each customer or group of customers as stipulated by the State Bank of Vietnam. Besides, credit risks are controlled by periodically reviewing groups of mortgaged assets and analyzing the capacity to pay interest and principal portion of the loans of existing and potential customers.

The Bank issues some policies and practices to minimize credit risks. A traditional and popular method is to hold secured assets for capital advances. Types of assets pledged as security for loan and advances include:

- Property: house;
- Right towards operating assets: head office, machinery and equipment, inventory, receivables;
- Right towards financial instruments: equity securities and debt securities.

As to loan with security, mortgaged assets are valued independently by the Bank with the application of specific discount rate for determining maximum lending value. The discount rate for each mortgaged asset is specified in Circular No. 02/2013/TT-NHNN dated January 21, 2013 and Circular No. 09/2014/TT-NHNN dated March 18, 2014 of the State Bank of Vietnam and be adjusted by each specific case. When the fair value of the mortgaged assets decreases, the Bank will request the customers to mortgage more assets for maintaining the safety for risks of the loans.

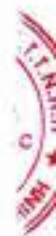


**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND*

The credit risks of commitments including letter of credit, financial guarantee contract are the same with credit risks of loan. L/C together with vouchers and commercial L/C is a the Bank's written commitment to pay to third party with the amount stipulated by specific terms and conditions on behalf of its customers from guarantee by goods of customers and so risk is less than direct loans. The issuance of credit letter and financial guarantee contract follows the process of assessing and approving the credit for loans and advances to customers except when the customers deposit 100% for relevant commitments.

**38.2 Market risk**

Market risks are incurred when the fair value of future cash flows of certain financial instrument fluctuate following the change of the market value. The market risks are resulted from the open status of interest rate, monetary products and equity instruments. All of these products are under the impact of the fluctuation of the market in general and each type of market as well as the change in fluctuation level of the market: interest rate risk, currency risk and other risks.



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 37. Segment reporting

## Primary segment reporting

- The reports segment information by geographical segment

For the fiscal year ended December 31, 2016	The Northern	The Central	The Southern	Adjustments	Total
<b>I. Income</b>	<b>5,391,043,802,055</b>	<b>1,206,500,199,914</b>	<b>2,164,377,942,248</b>	<b>(5,257,229,002,796)</b>	<b>3,504,692,941,421</b>
1. Interest income	5,171,569,517,603	1,197,758,979,028	2,029,032,147,131	(5,257,229,002,796)	3,141,131,640,966
External interest income	1,962,900,128,290	544,215,221,116	634,016,291,560	-	3,141,131,640,966
Internal interest income	3,208,669,389,313	653,543,757,912	1,395,015,855,571	(5,257,229,002,796)	-
2. Income from services	1,861,014,107	2,379,744,257	10,542,528,757	-	14,783,287,121
3. Income from other activities	217,613,270,345	6,361,476,629	124,803,266,360	-	348,778,013,334
<b>II. Expenses</b>	<b>5,381,658,819,442</b>	<b>993,051,650,725</b>	<b>1,918,052,738,754</b>	<b>(5,257,229,002,796)</b>	<b>3,035,534,206,125</b>
1. Interest expenses	4,935,580,393,231	913,398,441,858	1,715,915,147,930	(5,257,229,002,796)	2,307,664,980,223
External interest income	879,942,219,758	451,533,086,240	976,189,674,225	-	2,307,664,980,223
Internal interest income	4,055,638,173,473	461,865,355,618	739,725,473,705	(5,257,229,002,796)	-
2. Expenses for depreciation of fixed assets	24,778,771,796	2,793,596,412	2,481,759,465	-	30,054,127,673
3. Expenses relating to business activities	421,299,654,415	76,859,612,455	199,655,831,359	-	697,815,098,229
Operating profit before allowance and provision expenses for credit losses	9,384,982,613	213,448,549,189	246,325,203,494	-	469,158,735,296
Allowance and provision expenses for credit losses	223,564,283,165	63,509,249,350	75,602,558,630	-	362,676,091,145
Segment results	(214,179,300,552)	149,939,299,839	170,722,644,864	-	106,482,644,151
<b>III. Assets</b>	<b>47,595,884,261,299</b>	<b>6,227,010,586,082</b>	<b>7,642,297,336,998</b>	<b>-</b>	<b>61,465,192,184,379</b>
1. Cash on hand	68,479,047,369	52,401,915,905	273,165,842,875	-	394,046,806,149
2. Fixed assets	148,410,774,884	36,965,864,674	58,966,628,604	-	244,343,268,162
3. Other assets	47,378,994,439,046	6,137,642,805,503	7,310,164,865,519	-	60,826,802,110,068
<b>IV. Liabilities</b>	<b>32,175,395,481,022</b>	<b>7,759,538,506,641</b>	<b>17,512,606,424,982</b>	<b>-</b>	<b>57,447,540,412,645</b>
1. External liabilities	28,371,305,691,871	7,609,599,206,802	17,443,168,931,067	-	53,424,073,829,740
2. Internal liabilities	-	-	-	-	-
3. Other liabilities	3,804,089,789,151	149,939,299,839	69,437,493,915	-	4,023,466,582,905



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 37. Segment reporting (cont.)

## Primary segment reporting (cont.)

- The reports segment information by geographical segment (cont.)

For the fiscal year ended December 31, 2015	The Northern	The Central	The Southern	Adjustments	Total
<b>I. Income</b>	<b>3.826.224.191.814</b>	<b>855.215.035.621</b>	<b>1.876.796.467.844</b>	<b>(3.905.976.693.584)</b>	<b>2.652.259.001.695</b>
1. Interest income	4.068.509.884.569	848.989.355.693	1.859.651.607.844	(3.905.976.693.584)	2.871.174.154.522
External interest income	1.970.633.152.857	354.052.358.667	546.488.642.998	-	2.871.174.154.522
Internal interest income	2.097.876.731.712	494.936.997.026	1.313.162.964.846	(3.905.976.693.584)	-
2. Net gain/loss from services	(8.141.466.074)	882.342.740	3.237.369.587	-	(4.021.753.747)
3. Net gain/(loss) from other activities	(234.144.226.681)	5.343.337.188	13.907.490.413	-	(214.893.399.080)
<b>II. Expenses</b>	<b>3.654.381.385.145</b>	<b>742.955.086.379</b>	<b>1.724.453.229.750</b>	<b>(3.905.976.693.584)</b>	<b>2.215.813.007.690</b>
1. Interest expenses	3.415.460.081.491	679.066.065.714	1.580.245.581.745	(3.905.976.693.584)	1.768.795.035.366
External interest income	638.077.675.722	349.501.101.112	781.216.258.532	-	1.768.795.035.366
Internal interest income	2.777.382.405.769	329.564.964.602	799.029.323.213	(3.905.976.693.584)	-
2. Expenses for depreciation of fixed assets	25.469.916.618	2.854.270.978	2.802.627.176	-	31.126.814.772
3. Expenses relating to business activities	213.451.387.036	61.034.749.687	141.405.020.829	-	415.891.157.552
Operating profit before allowance and provision expenses for credit losses	171.842.806.669	112.259.949.242	152.343.238.094	-	436.445.994.005
Allowance and provision expenses for credit losses	241.252.181.736	21.405.254.319	58.459.212.558	-	321.116.648.613
Segment results	(69.409.375.067)	90.854.694.923	93.884.025.536	-	115.329.345.392
<b>III. Assets</b>	<b>20.966.825.622.976</b>	<b>6.274.858.110.242</b>	<b>14.636.494.920.877</b>	<b>-</b>	<b>41.878.178.654.095</b>
1. Cash on hand	216.312.881.635	45.418.841.850	72.818.520.050	-	334.550.243.535
2. Fixed assets	191.763.146.632	36.498.002.617	50.280.524.013	-	278.541.673.262
3. Other assets	20.558.749.594.709	6.192.941.265.775	14.513.395.876.814	-	41.265.086.737.298
<b>IV. Liabilities</b>	<b>17.243.888.963.348</b>	<b>6.189.002.563.637</b>	<b>14.525.729.094.852</b>	<b>-</b>	<b>37.958.620.621.837</b>
1. External liabilities	16.992.701.789.614	6.056.806.551.127	14.290.263.853.573	-	37.339.772.194.314
2. Internal liabilities	19.175.449.719	-	15.655.765	-	19.191.105.484
3. Other liabilities	232.011.724.015	132.196.012.510	235.449.585.514	-	599.657.322.039



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: VND

## 37. Segment reporting (cont.)

## Secondary segment reporting

- The reports segment information by business segment

For the fiscal year ended December 31, 2016	Commercial banking activities	Investment activities	Debt Management And Asset Exploitation Activities	Unallocated activities	Total
Segment results	173.348.935.345	408.030.808.148	2.157.986.865	(477.055.086.207)	106.482.644.151
Assets	38.632.878.158.909	21.950.112.074.922	5.972.165.395	876.229.785.153	61.465.192.184.379
Liabilities	38.278.300.032.341	19.175.232.065.463	(5.991.685.159)	-	57.447.540.412.645

For the fiscal year ended December 31, 2015	Commercial banking activities	Investment activities	Debt Management And Asset Exploitation Activities	Unallocated activities	Total
Segment results	84.863.892.088	312.554.683.075	78.175.426.483	(360.264.656.254)	115.329.345.392
Assets	31.298.800.605.522	8.967.689.779.539	492.035.662.120	1.119.652.606.914	41.878.178.654.095
Liabilities	29.306.584.066.698	8.652.036.555.139	-	-	37.958.620.621.837

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: Million VND

## 38.2 Market risks (cont.)

## 38.2.1 Interest rate risks

Interest rate risk is the risk in which the future cash flows of financial instruments are affected by changes in the market interest rate. The Bank manages the interest rate risks by controlling the differences of interest rate on a monthly basis.

Summary of interest rate risks of the Bank as at December 31, 2016 is as follows:

Items	Overdue	Not subject to interest rate	From 1-3 months	From 3-6 months	From 6 - 12 months	From 1-5 years	Over 5 years	Total
I. Cash, gold, silver and gemstones	-	394.047	-	-	-	-	-	394.047
II. Deposits at the State Bank of Vietnam	-	-	250.033	-	-	-	-	250.033
III. Deposits, gold at other credit institutions and loans granted to other credit institutions (*)	-	-	7.302.159	2.600.000	288.067	-	-	10.190.226
IV. Trading securities (*)	-	1.370.885	-	-	-	-	-	1.370.885
VI. Loans granted to customers (*)	686.495	-	4.707.800	13.268.453	11.741.257	11.684	-	30.415.689
VII. Debt purchasing (*)	-	-	-	-	-	2.951	-	2.951
VIII. Investment securities (*)	-	2.991.547	-	955.406	707.584	9.588.004	-	14.242.541
IX. Capital contribution, long-term investments (*)	-	247.434	-	-	-	-	-	247.434
X. Fixed assets and investment properties	-	244.343	-	-	-	-	-	244.343
XI. Others assets (*)	-	4.944.799	-	-	-	-	-	4.944.799
<b>Total Assets</b>	<b>686.495</b>	<b>10.193.055</b>	<b>12.259.992</b>	<b>16.823.859</b>	<b>12.736.908</b>	<b>9.602.639</b>	<b>-</b>	<b>62.302.948</b>
<b>Liabilities</b>								
I. Deposits from SBV and other credit institutions	-	-	12.777.899	9.763.530	1.280.011	5.839	-	23.827.279
II. Deposits from customers	-	-	10.866.435	5.908.828	13.578.300	1.835.580	572	32.189.715
IV. Capital financed, entrusted for investment, lent to CIs which subject to risks	-	-	-	-	-	-	43.473	43.473
V. Issuance of valuable documents	-	-	-	-	301.475	373.875	-	675.350
VI. Other liabilities	-	711.723	-	-	-	-	-	711.723
<b>Total liabilities</b>	<b>-</b>	<b>711.723</b>	<b>23.644.334</b>	<b>15.672.358</b>	<b>15.159.786</b>	<b>2.215.294</b>	<b>44.045</b>	<b>57.447.540</b>
<b>The different sensitivity level with the interest rate in the balance sheet</b>	<b>686.495</b>	<b>9.481.332</b>	<b>(11.384.342)</b>	<b>1.151.501</b>	<b>(2.422.878)</b>	<b>7.387.345</b>	<b>(44.045)</b>	<b>4.855.408</b>
Off balance sheet commitments affecting the sensitivity level with the interest rate of assets and liabilities (net)	-	-	-	-	-	-	-	-
<b>The different sensitivity level with the interest rate in and off the balance sheet</b>	<b>686.495</b>	<b>9.481.332</b>	<b>(11.384.342)</b>	<b>1.151.501</b>	<b>(2.422.878)</b>	<b>7.387.345</b>	<b>(44.045)</b>	<b>4.855.408</b>



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: Million VND

## 38.2.1 Interest rate risks (cont.)

Summary of interest rate risks of the Bank as at January 1, 2016 is as follows:

Items	Overdue	Not subject to interest rate	From 1-3 months	From 3-6 months	From 6 - 12 months	From 1-5 years	Over 5 years	Total
I. Cash, gold, silver and gemstones	-	334.550	-	-	-	-	-	334.550
II. Deposits at the State Bank of Vietnam	-	-	506.561	-	-	-	-	506.561
III. Deposits, gold at other credit institutions and loans granted to other credit institutions (*)	-	-	3.695.032	600.000	284.570	-	-	4.579.602
IV. Trading securities (*)	-	-	107.528	-	-	-	-	107.528
VI. Loans granted to customers (*)	1.045.877	-	3.243.428	6.214.638	9.004.820	3.888	755.060	20.267.711
VII. Debt purchasing (*)	38.992	-	-	-	-	-	-	38.992
VIII. Investment securities (*)	-	2.938.600	551.934	709.513	927.640	6.224.299	-	11.351.986
IX. Capital contribution, long-term investments (*)	-	315.653	-	-	-	-	-	315.653
X. Fixed assets and investment properties	-	278.541	-	-	-	-	-	278.541
XI. Others assets (*)	-	3.641.238	-	982.639	-	-	-	4.623.877
<b>Total Assets</b>	<b>1.084.869</b>	<b>7.508.582</b>	<b>8.104.483</b>	<b>8.506.790</b>	<b>10.217.030</b>	<b>6.228.187</b>	<b>755.060</b>	<b>42.405.001</b>
<b>Liabilities</b>								
I. Deposits from SBV and other credit institutions	-	320.920	9.616.549	2.430.951	494.776	2.025	139	12.865.360
II. Deposits from customers	-	-	7.339.154	4.957.368	10.868.496	1.274.717	64	24.439.799
IV. Capital financed, entrusted for investment, lent to CIs which subject to risks	-	-	-	-	422	25.713	-	26.135
V. Issuance of valuable documents	-	-	2.270	6.207	-	-	-	8.477
VI. Other liabilities	-	605.916	-	-	12.932	-	-	618.848
<b>Total liabilities</b>	<b>-</b>	<b>926.836</b>	<b>16.957.973</b>	<b>7.394.526</b>	<b>11.376.626</b>	<b>1.302.455</b>	<b>203</b>	<b>37.958.619</b>
<b>The different sensitivity level with the interest rate in the balance sheet</b>	<b>1.084.869</b>	<b>6.581.746</b>	<b>(8.853.490)</b>	<b>1.112.264</b>	<b>(1.159.596)</b>	<b>4.925.732</b>	<b>754.857</b>	<b>4.446.382</b>
Off balance sheet commitments affecting the sensitivity level with the interest rate of assets and liabilities (net)	-	-	-	-	-	-	-	-
<b>The different sensitivity level with the interest rate in and off the balance sheet</b>	<b>1.084.869</b>	<b>6.581.746</b>	<b>(8.853.490)</b>	<b>1.112.264</b>	<b>(1.159.596)</b>	<b>4.925.732</b>	<b>754.857</b>	<b>4.446.382</b>

(\*) These items do not include the balance of provision for risks.

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: Million VND

## 38.2 Market risks (cont.)

## 38.2.2 Currency risks

Currency risk is the risk in which the value of financial instrument changes due to the changes in exchange rate. The Bank is established and operates in Vietnam and its reporting currency is VND. The currency the Bank uses for its transactions is also VND. Most of loans and advances to customers of the Bank are in VND and USD. However, some other assets are in currencies other than VND and USD, so the Bank has built the limit for each type of currencies. The monetary status is supervised on daily basis and strategy to prevent risks is applied by the Bank to ensure that the monetary status will be kept in already-built limit.

Presentation of assets and liabilities of the Bank by currencies converted into VND as at December 31, 2016:

Items	VND	Converted USD	Converted EUR	Converted monetary gold	Converted other currencies	Total
<b>Assets</b>						
Cash, gold, silver and gemstones	250.064	46.226	574	95.379	1.804	394.047
Deposits at the State Bank of Vietnam	174.408	75.624	-	-	-	250.032
Cash, gold, deposits at other credit institutions and loans granted to other credit institutions (*)	9.814.431	363.704	3.647	-	8.444	10.190.226
Trading securities (*)	1.370.885	-	-	-	-	1.370.885
Loans granted to customers (*)	30.230.030	160.458	-	25.202	-	30.415.690
Debt purchasing (*)	2.951	-	-	-	-	2.951
Investment securities (*)	14.242.541	-	-	-	-	14.242.541
Capital contribution, long-term investments (*)	247.434	-	-	-	-	247.434
Fixed assets and investment properties	244.343	-	-	-	-	244.343
Others assets (*)	4.894.849	49.950	-	-	-	4.944.799
<b>Total Assets</b>	<b>61.471.936</b>	<b>695.962</b>	<b>4.221</b>	<b>120.581</b>	<b>10.248</b>	<b>62.302.948</b>
<b>Liabilities and owners' equity</b>						
Deposits and borrowings from the State Bank and other credit institutions	23.494.936	332.343	-	-	-	23.827.279
Deposits from customers	31.210.001	979.633	79	-	3	32.189.716
Capital financed, entrusted for investment, lent to CIs which subject to risks	43.473	-	-	-	-	43.473
Issuance of valuable documents	675.349	-	-	-	-	675.349
Other liabilities	705.569	6.154	-	-	-	711.723
Equity and funds	4.017.652	-	-	-	-	4.017.652
<b>Total liabilities and owners' equity</b>	<b>60.146.979</b>	<b>1.318.130</b>	<b>79</b>	<b>-</b>	<b>3</b>	<b>61.465.191</b>
<b>Position of currencies in balance sheet</b>	<b>1.324.957</b>	<b>(622.168)</b>	<b>4.142</b>	<b>120.581</b>	<b>10.245</b>	<b>837.757</b>
<b>Position of currencies off balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Position of currencies in, off balance sheet</b>	<b>1.324.957</b>	<b>(622.168)</b>	<b>4.142</b>	<b>120.581</b>	<b>10.245</b>	<b>837.757</b>



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: Million VND

## 38.2.2 Currency risks (cont.)

Presentation of assets and liabilities of the Bank by currencies converted into VND as at January 1, 2016:

Items	VND	Converted USD	Converted EUR	Converted monetary gold	Converted other currencies	Total
<b>Assets</b>						
Cash, gold, silver and gemstones	182.456	38.552	1.844	108.707	2.990	334.549
Deposits at the State Bank of Vietnam	431.586	74.975	-	-	-	506.561
Cash, gold, deposits at other credit institutions and loans granted to other credit institutions (*)	4.216.008	358.422	2.804	-	2.368	4.579.602
Trading securities (*)	107.528	-	-	-	-	107.528
Loans granted to customers (*)	19.760.605	427.537	-	79.570	-	20.267.712
Debt purchasing (*)	-	38.992	-	-	-	38.992
Investment securities (*)	11.351.987	-	-	-	-	11.351.987
Capital contribution, long-term investments (*)	315.653	-	-	-	-	315.653
Fixed assets and investment properties	278.542	-	-	-	-	278.542
Others assets (*)	4.623.878	-	-	-	-	4.623.878
<b>Total Assets</b>	<b>41.268.243</b>	<b>938.478</b>	<b>4.648</b>	<b>188.277</b>	<b>5.358</b>	<b>42.405.004</b>
<b>Liabilities and owners' equity</b>						
Deposits and borrowings from the State Bank and other credit institutions	12.383.641	481.719	-	-	-	12.865.360
Deposits from customers	23.462.478	977.253	65	-	3	24.439.799
Capital financed, entrusted for investment, lent to CIs which subject to risks	26.134	-	-	-	-	26.134
Issuance of valuable documents	8.477	-	-	-	-	8.477
Other liabilities	618.848	-	-	-	-	618.848
Equity and funds	3.919.558	-	-	-	-	3.919.558
<b>Total liabilities and owners' equity</b>	<b>40.419.136</b>	<b>1.458.972</b>	<b>65</b>	<b>-</b>	<b>3</b>	<b>41.878.176</b>
<b>Position of currencies in balance sheet</b>	<b>849.107</b>	<b>(520.494)</b>	<b>4.583</b>	<b>188.277</b>	<b>5.355</b>	<b>526.828</b>
<b>Position of currencies off balance sheet</b>	<b>-</b>	<b>470.635</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>470.635</b>
<b>Position of currencies in, off balance sheet</b>	<b>849.107</b>	<b>(49.859)</b>	<b>4.583</b>	<b>188.277</b>	<b>5.355</b>	<b>997.463</b>

(\*) These items do not include the balance of provision for risks.

## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: Million VND

## 38.2 Market risks (cont.)

## 38.2.3 Liquidity risks

Liquidity risks incurred when the Bank is unable to fulfill its obligations relating to financial liabilities and has no supersede resources in case of customers' withdrawal. This possibly results in the failure to pay the customers and perform commitments. The Bank monitors risks by:

- Controlling the capital mobilization and loan on daily basis;
- Maintaining investment portfolio securities that are easily convertible to cash.
- Controlling liquidity indices in the financial status report in compliance with the regulations of the State Bank of Vietnam.

Summary of assets and liabilities of the Bank by term from the period end December 31, 2016 to the matured date:

Items	Overdue		Indue					Total
	Over 3 months	For 3 months	For 1 month	From 1-3 months	From 3-12 months	From 1-5 years	Over 5 years	
Cash, gold, silver and gemstones	-	-	394.047	-	-	-	-	394.047
Deposits at the State Bank of Vietnam	-	-	250.033	-	-	-	-	250.033
Cash, gold, deposits at other credit institutions and loans granted to other credit institutions (*)	-	-	7.302.159	2.600.000	288.067	-	-	10.190.226
Trading securities (*)	-	-	1.370.885	-	-	-	-	1.370.885
Loans granted to customers (*)	651.026	35.469	155.536	1.539.110	3.752.902	7.154.242	17.127.404	30.415.689
Debt purchasing (*)	-	-	-	-	-	2.951	-	2.951
Investment securities (*)	-	-	-	955.406	707.584	12.492.726	86.825	14.242.541
Capital contribution, long-term investments (*)	-	-	-	-	-	-	247.434	247.434
Fixed assets and investment properties	-	-	-	-	-	-	244.343	244.343
Others assets (*)	-	-	4.944.799	-	-	-	-	4.944.799
<b>Total Assets</b>	<b>651.026</b>	<b>35.469</b>	<b>14.417.459</b>	<b>5.094.516</b>	<b>4.748.553</b>	<b>19.649.919</b>	<b>17.706.006</b>	<b>62.302.948</b>
<b>Liabilities</b>								
Deposits and borrowings from the State Bank and other credit institutions	-	-	12.777.899	9.763.530	1.280.011	5.839	-	23.827.279
Deposits from customers	-	-	10.866.435	5.908.828	13.578.300	1.835.580	572	32.189.715
Capital financed, entrusted for investment, lent to CIs which subject to risks	-	-	-	-	-	-	43.473	43.473
Issuance of valuable documents	-	-	-	-	301.475	373.875	-	675.350
Other liabilities	-	-	711.723	-	-	-	-	711.723
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>24.356.056</b>	<b>15.672.358</b>	<b>15.159.786</b>	<b>2.215.294</b>	<b>44.045</b>	<b>57.447.539</b>
<b>Difference of net liquidity</b>	<b>651.026</b>	<b>35.469</b>	<b>(9.938.597)</b>	<b>(10.577.842)</b>	<b>(10.411.233)</b>	<b>17.434.625</b>	<b>17.661.961</b>	<b>4.855.409</b>

These notes form an integral part of the consolidated financial statements.



## NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2016

Unit: Million VND

## 38.2.3 Liquidity risks (cont.)

Summary of assets and liabilities of the Bank by term from the period end January 1, 2016 to the matured date:


Items	Overdue		Indue					Total
	Over 3 months	For 3 months	For 1 month	From 1-3 months	From 3-12 months	From 1-5 years	Over 5 years	
Cash, gold, silver and gemstones	-	-	334.550	-	-	-	-	334.550
Deposits at the State Bank of Vietnam	-	-	506.561	-	-	-	-	506.561
Cash, gold, deposits at other credit institutions and loans granted to other credit institutions (*)	-	-	3.695.032	600.000	284.570	-	-	4.579.602
Trading securities (*)	-	-	107.527	-	-	-	-	107.527
Loans granted to customers (*)	878.476	167.400	1.263.743	999.180	2.431.893	5.719.302	8.807.716	20.267.710
Debt purchasing (*)	38.992	-	-	-	-	-	-	38.992
Investment securities (*)	-	-	790.584	709.513	927.640	8.778.738	145.511	11.351.986
Capital contribution, long-term investments (*)	-	-	-	-	-	-	315.653	315.653
Fixed assets and investment properties	-	-	-	-	-	-	278.542	278.542
Others assets (*)	-	-	14.413	317	3.495.499	1.112.043	1.605	4.623.877
<b>Total Assets</b>	<b>917.468</b>	<b>167.400</b>	<b>6.712.410</b>	<b>2.309.010</b>	<b>7.139.602</b>	<b>15.610.083</b>	<b>9.549.027</b>	<b>42.405.000</b>
<b>Liabilities</b>								
Deposits and borrowings from the State Bank and other credit institutions	-	-	9.937.469	2.430.951	494.776	2.025	139	12.865.360
Deposits from customers	-	-	7.339.154	4.957.368	10.868.496	1.274.716	65	24.439.799
Capital financed, entrusted for investment, lent to CIs which subject to risks	-	-	-	-	422	25.712	-	26.134
Issuance of valuable documents	-	-	2.270	6.207	-	-	-	8.477
Other liabilities	-	-	-	605.916	12.933	-	-	618.849
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>17.278.893</b>	<b>8.000.442</b>	<b>11.376.627</b>	<b>1.302.453</b>	<b>204</b>	<b>37.958.619</b>
<b>Difference of net liquidity</b>	<b>917.468</b>	<b>167.400</b>	<b>(10.566.483)</b>	<b>(5.691.432)</b>	<b>(4.237.025)</b>	<b>14.307.630</b>	<b>9.548.823</b>	<b>4.446.381</b>

(\*) These items do not include the balance of provision for risks.

**NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the fiscal year ended December 31, 2016**Unit: VND***38. Financial risk management (cont.)****38.3 The fair value of financial assets and liabilities**

Financial assets and liabilities are stated at original cost less provision of devaluation of assets. Therefore, the book value of financial assets and liabilities of the Bank may be different from their fair value.

At present, the Bank has not determined the fair value of all financial assets and liabilities. The Bank will present the fair value of those assets and liabilities when the authority has given detailed guidance thereon.

*Ha Noi City, April 20, 2017***PREPARED BY****NGUYEN HUU CUONG****CHIEF ACCOUNTANT****LA QUANG TRUNG****ACTING GENERAL DIRECTOR**  
**NGUYEN VAN HAO**