

**Saigon – Hanoi Joint Stock Commercial Bank**

Separate Interim Financial Statements  
for the six-month period ended  
30 June 2018

## Saigon – Hanoi Joint Stock Commercial Bank Corporate Information

<b>Banking Licence No.</b>	0041/NH-GP	13 November 1993
	The Banking Licence was granted by the State Bank of Vietnam and is valid for 50 years from the granting date.	
<b>Business Registration Certificate No.</b>	1800278630	17 June 2013
	The Bank's Business Registration Certificate has been amended several times, the most recent of which is by the Business Registration Certificate dated 16 May 2018.	
<b>Board of Directors</b>	Mr. Do Quang Hien Mr. Vu Duc Tien Mr. Nguyen Van Le Mr. Tran Ngoc Linh Mr. Thai Quoc Minh Mr. Do Quang Huy Mr. Pham Cong Doan	Chairman Vice Chairman Member Member Independent Member Member Member
<b>Supervisory Board</b>	Mr. Pham Hoa Binh Ms. Nguyen Thi Hoat Mr. Nguyen Huu Duc Ms. Le Thanh Cam Ms. Pham Thi Bich Hong	Head of Supervisory Board Deputy Head of Supervisory Board Member Member Member
<b>Board of Management and Chief Accountant</b>	Mr. Nguyen Van Le Mr. Le Dang Khoa Mr. Nguyen Huy Tai Ms. Ngo Thu Ha Ms. Ninh Thi Lan Phuong Ms. Dang To Loan Ms. Ngo Thi Van	Chief Executive Officer Deputy Executive Officer Deputy Executive Officer Deputy Executive Officer Deputy Executive Officer Deputy Executive Officer Chief Accountant
<b>Legal representative</b>	Mr. Nguyen Van Le	Chief Executive Officer
<b>Registered office</b>	No. 77 Tran Hung Dao Street, Hoan Kiem District Hanoi, Vietnam	
<b>Auditor</b>	KPMG Limited Vietnam	

## **Saigon – Hanoi Joint Stock Commercial Bank Statement of the Board of Management**

The Board of Management of Saigon – Hanoi Joint Stock Commercial Bank (“the Bank”) presents this statement and the accompanying separate interim financial statements of the Bank for the six-month period ended 30 June 2018.

The Board of Management of the Bank is responsible for the preparation and fair presentation of the accompanying separate interim financial statements in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting. In the opinion of the Board of Management:

- (a) the separate interim financial statements set out on pages 5 to 73 give a true and fair view of the unconsolidated financial position of the Bank as at 30 June 2018, and of its unconsolidated results of operations and the unconsolidated cash flows of the Bank for the six-month period then ended in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons for the Board of Management to believe that the Bank will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised the accompanying separate interim financial statements for issue.

On behalf of the Board of Management

Nguyen Van Le  
*Chief Executive Officer*

Hanoi, 18 August 2018

## **INTERIM FINANCIAL STATEMENTS REVIEW REPORT**

### **To the Shareholders Saigon – Hanoi Joint Stock Commercial Bank**

We have reviewed the accompanying separate interim financial statements of Saigon – Hanoi Joint Stock Commercial Bank (“the Bank”), which comprise the separate balance sheet as at 30 June 2018, the related separate statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Bank’s Board of Management on 18 August 2018, as set out on pages 5 to 73.

#### **Management’s Responsibility**

The Bank’s Board of Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of the separate interim financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor’s Responsibility**

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410 – *Review of interim financial information performed by the independent auditor of the entity*.

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

## **Auditor's Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of the Bank as at 30 June 2018 and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting.

## **Emphasis of Matters**

Without qualifying our opinion, we draw attention to Note 3(b) to the separate interim financial statements which describes accounting policies regarding allowance for credit risks and reversal of interest receivables recognised relating to outstanding financial debts in accordance with the Scheme for “Merging Hanoi Building Commercial Joint Stock Bank into Saigon – Hanoi Joint Stock Commercial Bank for the period from 2016 to 2020” (“the Scheme”). For the outstanding financial debts, mainly from Hanoi Building Commercial Joint Stock Bank (“HBB”), the Bank has been approved by the State Bank of Vietnam (“SBV”) for adoption of specific accounting policies based on the solutions for financial treatments proposed in the amended Scheme approved by the State Bank of Vietnam on 8 November 2016. For each of the years from 2016 to 2024, the Bank would make allowance for credit risks and reversal of interest receivables recognised with an amount at least equal to the amount determined in accordance with the Scheme for the aforesaid outstanding debts.

## **Other matter**

The separate financial statements of the Bank for the year ended 31 December 2017 and for the six-month period ended 30 June 2017, respectively were audited and reviewed by another firm of auditors whose audit report dated 6 April 2018 and review report dated 1 September 2017 expressed an unqualified audit opinion and an unqualified review conclusion on those statements and an emphasis of matters related to the adoption of the specific accounting policies for outstanding financial debts.

## **KPMG Limited**

Vietnam

Review report No. 18-02-064/1

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Dam Xuan Lam  
Practicing Auditor Registration  
Certificate No. 0861-2018-007-1  
*Deputy General Director*

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Tran Dinh Vinh  
Practicing Auditor Registration  
Certificate No. 0339-2018-007-1

Hanoi, 18 August 2018

	Note	30/6/2018 VND million	31/12/2017 VND million
<b>A ASSETS</b>			
<b>I Cash and gold on hand</b>	<b>5</b>	<b>1,623,602</b>	<b>1,396,686</b>
<b>II Balances with State Banks</b>	<b>6</b>	<b>968,102</b>	<b>2,970,959</b>
<b>III Balances with and loans to other credit institutions</b>	<b>7</b>	<b>44,403,109</b>	<b>37,878,195</b>
1 Balances with other credit institutions		43,403,109	32,224,189
2 Loans to other credit institutions		1,000,000	5,654,006
<b>IV Securities held for trading</b>		<b>443,762</b>	<b>-</b>
1 Securities held for trading		447,115	-
2 Allowance for securities held for trading		(3,353)	-
<b>V Derivatives and other financial assets</b>	<b>8</b>	<b>-</b>	<b>134,896</b>
<b>VI Loans and advances to customers</b>		<b>199,045,478</b>	<b>189,867,672</b>
1 Loans and advances to customers	9	201,820,307	192,574,825
2 Allowance for loans and advances to customers	10	(2,774,829)	(2,707,153)
<b>VIII Investment securities</b>	<b>11</b>	<b>25,449,127</b>	<b>21,207,964</b>
1 Available-for-sale securities		12,936,934	12,268,348
2 Held-to-maturity securities		14,427,404	10,682,862
3 Allowance for investment securities		(1,915,211)	(1,743,246)
<b>IX Long-term investments</b>	<b>12</b>	<b>3,433,154</b>	<b>3,439,577</b>
1 Investments in subsidiaries		3,216,264	3,224,112
4 Other long-term investments		227,250	227,250
5 Allowance for diminution in the value of long-term investments		(10,360)	(11,785)
<b>X Fixed assets</b>		<b>3,958,436</b>	<b>3,930,975</b>
1 Tangible fixed assets	13	433,730	404,319
<i>a Cost</i>		<i>1,027,474</i>	<i>960,547</i>
<i>b Accumulated depreciation</i>		<i>(593,744)</i>	<i>(556,228)</i>
3 Intangible fixed assets	14	3,524,706	3,526,656
<i>a Cost</i>		<i>3,740,078</i>	<i>3,726,265</i>
<i>b Accumulated amortisation</i>		<i>(215,372)</i>	<i>(199,609)</i>
<b>XII Other assets</b>	<b>15</b>	<b>24,257,914</b>	<b>25,519,952</b>
1 Receivables		10,451,090	12,749,301
2 Accrued interest and fee receivables		9,411,954	7,876,270
4 Other assets		4,795,404	5,294,790
5 Allowance for other assets		(400,534)	(400,409)
<b>TOTAL ASSETS</b>		<b>303,582,684</b>	<b>286,346,876</b>

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

	Note	30/6/2018 VND million	31/12/2017 VND million
<b>B</b>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>I</b>			
<b>Amounts due to the Government and State Banks</b>	16	2,901,419	2,758,343
<b>II</b>			
<b>Deposits and borrowings from other credit institutions</b>	17	41,198,464	53,269,172
1 Deposits from other credit institutions		29,940,714	33,566,611
2 Borrowings from other credit institutions		11,257,750	19,702,561
<b>III</b>			
<b>Deposits from customers</b>	18	218,906,811	194,211,108
<b>IV</b>			
<b>Derivatives and other financial liabilities</b>	8	42,849	-
<b>V</b>			
<b>Other borrowed and entrusted funds</b>	19	1,321,154	1,064,161
<b>VI</b>			
<b>Valuable papers issued</b>	20	18,162,740	15,967,269
<b>VII</b>			
<b>Other liabilities</b>	21	5,816,338	4,551,183
1 Accrued interest and fee payables		5,173,611	4,085,903
3 Other liabilities		642,727	465,280
<b>TOTAL LIABILITIES</b>		<b>288,349,775</b>	<b>271,821,236</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>VIII</b>			
<b>Shareholders' equity and reserves</b>	22	15,232,909	14,525,640
1 Capital		12,132,617	11,293,347
<i>a</i> Share capital		12,036,161	11,196,891
<i>c</i> Share premium		101,716	101,716
<i>d</i> Treasury shares		(5,260)	(5,260)
2 Reserves		1,201,608	1,201,608
3 Foreign exchange differences		2,518	-
5 Retained earnings		1,896,166	2,030,685
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>15,232,909</b>	<b>14,525,640</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>303,582,684</b>	<b>286,346,876</b>

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

	30/6/2018 VND million	31/12/2017 VND million	
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>I CONTINGENT LIABILITIES</b>			
1	Loan guarantees	22,860	179,955
2	Foreign exchange commitments	26,255,925	18,542,149
	<i>Foreign currency purchase commitments</i>	1,422,816	-
	<i>Foreign currency sale commitments</i>	92,292	-
	<i>Swap commitments</i>	24,740,817	18,542,149
4	Letters of credit	8,804,383	14,695,470
5	Other guarantees	28,450,024	23,110,802

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18 August 2018

Prepared by:

Reviewed by

Approved by:

Le Thi Nu  
*Deputy Head of  
Accounting Department*

Ngo Thi Van  
*Chief Accountant*

Ngo Thu Ha  
*Deputy Executive Officer*

Nguyen Van Le  
*Chief Executive Officer*



**Saigon – Hanoi Joint Stock Commercial Bank**  
**No. 77 Tran Hung Dao, Hoan Kiem District,**  
**Hanoi, Vietnam**  
**Separate statement of income for the six-month period**  
**ended 30 June 2018**

**Form B03a/TCTD**  
*(Issued under Circular No.49/2014-TT-NHNN*  
*dated 31 December 2014 of*  
*the State Bank Governor)*

	Note	Six-month period ended 30/6/2018 VND million	Six-month period ended 30/6/2017 VND million
1	Interest and similar income	9,924,716	8,132,675
2	Interest and similar expenses	(7,965,021)	(6,512,528)
<b>I</b>	<b>Net interest income</b>	<b>1,959,695</b>	<b>1,620,147</b>
3	Fee and commission income	127,904	158,119
4	Fee and commission expenses	(47,379)	(27,646)
<b>II</b>	<b>Net fee and commission income</b>	<b>80,525</b>	<b>130,473</b>
<b>III</b>	<b>Net gain/(loss) from trading of foreign currencies</b>	<b>16,122</b>	<b>(7,557)</b>
<b>IV</b>	<b>Net loss from trading securities</b>	<b>(3,353)</b>	<b>-</b>
<b>V</b>	<b>Net gain/(loss) from investment securities</b>	<b>264,433</b>	<b>(54,877)</b>
5	Other income	53,627	230,010
6	Other expenses	(21,607)	(44,104)
<b>VI</b>	<b>Net other income</b>	<b>32,020</b>	<b>185,906</b>
<b>VII</b>	<b>Income from capital contribution, share purchase</b>	<b>14,806</b>	<b>696</b>
<b>VIII</b>	<b>Operating expenses</b>	<b>(1,230,407)</b>	<b>(1,036,682)</b>
<b>IX</b>	<b>Net operating profit before allowance and provision expenses</b>	<b>1,133,841</b>	<b>838,106</b>
<b>X</b>	<b>Allowance and provision expenses</b>	<b>(256,604)</b>	<b>(125,806)</b>
<b>XI</b>	<b>Profit before tax (carried forward to next page)</b>	<b>877,237</b>	<b>712,300</b>

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

**Saigon – Hanoi Joint Stock Commercial Bank**  
**No. 77 Tran Hung Dao, Hoan Kiem District,**  
**Hanoi, Vietnam**  
**Separate statement of income for the six-month period**  
**ended 30 June 2018 (continued)**

**Form B03a/TCTD**  
*(Issued under Circular No.49/2014-TT-NHNN*  
*dated 31 December 2014 of*  
*the State Bank Governor)*

	Note	Six-month period ended 30/6/2018 VND million	Six-month period ended 30/6/2017 VND million
<b>XI Profit before tax (brought forward from previous page)</b>		<b>877,237</b>	<b>712,300</b>
7 Income tax expense - current	31	(172,486)	(142,321)
<b>XII Income tax expense</b>	<b>31</b>	<b>(172,486)</b>	<b>(142,321)</b>
<b>XIII Net profit after tax</b>		<b>704,751</b>	<b>569,979</b>

18 August 2018

Prepared by:

Reviewed by

Approved by:

Le Thi Nu  
*Deputy Head of  
Accounting Department*

Ngo Thi Van  
*Chief Accountant*

Ngo Thu Ha  
*Deputy Executive Officer*

Nguyen Van Le  
*Chief Executive Officer*

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

	<b>Six-month period ended 30/6/2018 VND million</b>	<b>Six-month period ended 30/6/2017 VND million</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Interest and similar income received	8,357,746	7,275,591
02	Interest and similar expenses paid	(6,813,782)	(6,109,917)
03	Net fee and commission income received	77,895	137,396
04	Net receipts for foreign currencies, gold and securities trading activities	251,030	85,556
05	Other income	12,038	215,454
06	Proceeds from loans previously written off	19,982	14,556
07	Operating and salary expenses payments	(1,175,131)	(984,318)
08	Corporate income tax paid	(222,301)	(59,137)
	<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>	<b>507,477</b>	<b>575,181</b>
<b>Changes in operating assets</b>			
09	Decrease in balances with and loans to other credit institutions	4,654,006	4,671,000
10	Increase in securities held for trading	(4,860,243)	(5,381,368)
11	Decrease in derivatives and other financial assets	134,896	45,843
12	Increase in loans and advances to customers	(9,245,482)	(17,049,732)
13	Decrease in provision for impairment	(16,488)	(3,358)
14	Decrease in other assets	2,857,590	143,223
<b>Changes in operating liabilities</b>			
15	Increase/(decrease) in amounts due to the Government and State Banks	143,076	(1,573,631)
16	(Decrease)/increase in deposits and borrowings from other credit institutions	(12,070,708)	79,716
17	Increase in deposits from customers	24,695,703	12,995,336
18	Increase in valuable papers issued	2,195,471	3,282,853
19	Increase/(decrease) in other borrowed and entrusted funds	256,993	(14,185)
20	Increase in derivatives and other financial liabilities	42,409	481
21	Increase/(decrease) in operating liabilities	177,904	(584,018)
<b>I</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>9,472,604</b>	<b>(2,812,659)</b>

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

	Six-month period ended 30/6/2018 VND million	Six-month period ended 30/6/2017 VND million	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
01	Payments for purchases of fixed assets	(84,210)	(9,528)
02	Proceeds from disposals of fixed assets	421	109
07	Payments for investments in other entities	(185)	(12,857)
09	Dividends and profit received from long-term investments	14,806	696
<b>II</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(69,168)</b>	<b>(21,580)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
04	Dividends paid to shareholders, profits distributed	(457)	(246)
<b>III</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(457)</b>	<b>(246)</b>
<b>IV</b>	<b>NET CASH FLOWS DURING THE PERIOD/YEAR</b>	<b>9,402,979</b>	<b>(2,834,485)</b>
<b>V</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR</b>	<b>36,591,834</b>	<b>25,203,937</b>
<b>VII</b>	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR (NOTE 32)</b>	<b>45,994,813</b>	<b>22,369,452</b>

18 August 2018

Prepared by:

Reviewed by

Approved by:

Le Thi Nu  
 Deputy Head of  
 Accounting Department

Ngo Thi Van  
 Chief Accountant

Ngo Thu Ha  
 Deputy Executive Officer

Nguyen Van Le  
 Chief Executive Officer

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

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

## **1. Reporting entity**

### **(a) Incorporation and operation**

Saigon – Hanoi Joint Stock Commercial Bank ( “the Bank”) is a commercial joint stock bank incorporated and registered in Vietnam.

The Bank was established pursuant to the Banking License No. 0041/NH-GP issued by the State Bank of Vietnam (“SBV”) on 13 November 1993 initially known as Nhon Ai Rural Commercial Joint Stock Bank. The Bank was renamed as Saigon - Hanoi Joint Stock Commercial Bank under Decision No. 1764/QD-NHNN dated 11 September 2009 granted by the Governor of the SBV. The Bank successfully merged Hanoi Building Commercial Joint Stock Bank (“HBB”) and Vinaconex – Viettel Finance Joint Stock Company (“VVF”) into its operation in 2012 and 2017, respectively, which is in line with the Restructuring plan of the banking system of Vietnam.

The Bank currently operates under Business Registration Certificate No. 1800278630 of Hanoi Department of Planning and Investment amended for the 26<sup>th</sup> time on 16 May 2018.

The principal activities of the Bank are mobilising and receiving short, medium and long-term deposit funds from organisations and individuals; lending on a short, medium and long-term basis up to the nature and ability of the Bank’s capital resources; conducting settlement and cash services and other banking services as approved by the SBV; making capital contributions, purchasing shares, investment in bonds and trading foreign currencies in accordance with the provisions of law.

### **(b) Location and operation network**

The Bank’s Head Office is located at 77 Tran Hung Dao, Hoan Kiem District, Hanoi. As at 30 June 2018, the Bank had one (1) Head Office, fifty three (53) branches and two hundred and thirty two (232) transaction offices (31/12/2017: 1 Head Office, 53 branches and 174 transaction offices).

### **(c) Subsidiaries**

As at 30 June 2018, the Bank had four (4) subsidiaries as follows (31/12/2017: four (4) subsidiaries):

<b>Company name</b>	<b>Nature of Business</b>	<b>% owned by the Bank</b>
SHB Debt and Asset Management One Member Company Limited (“SHB AMC”)	Debt and asset management	100%
SHB One Member Limited Finance Company (“SHB FC”)	Securities investment and trading	100%

Company name	Nature of Business	% owned by the Bank
Sai Gon - Hanoi Bank Laos Limited (“SHB Laos”)	Banking/Finance	100%
Sai Gon - Hanoi Bank Cambodia Limited (“SHB Cambodia”)	Banking/Finance	100%

**(d) Number of employees**

As at 30 June 2018, the Bank had 5,283 employees (31/12/ 2017: 5,395 employees).

**2. Basis of preparation of the separate interim financial statements**

**(a) Statement of compliance**

The separate interim financial statements have been prepared in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the Vietnamese Accounting System for credit institutions stipulated by the SBV and the relevant statutory requirements applicable to interim financial reporting. These standards and statutory requirements may differ in some material respects from International Financial Reporting Standards, generally accepted accounting principles and standards of other countries. Accordingly, the accompanying separate interim financial statements are not intended to present the Bank’s financial position, results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices applicable to credit institutions.

The Bank prepares and issues the consolidated interim financial statements of the Bank and its subsidiaries (collectively referred to as “SHB”) in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the SBV and the relevant statutory requirements applicable to interim financial reporting. For a comprehensive understanding of SHB’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements of SHB for the six-month period ended 30 June 2018.

**(b) Basis of measurement**

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

**(c) Accounting period**

The annual accounting period of the Bank is from 1 January to 31 December.

The interim accounting period of the Bank is from 1 January to 30 June.

**(d) Accounting currency**

The accounting currency of the Bank is Vietnam Dong (“VND”). These separate interim financial statements are prepared and presented in VND, rounded to the nearest million (“VND million”).

### **3. Adoption of new accounting guidance**

#### **Circular No. 22/2017/TT-NHNN**

On 29 December 2017, the State Bank of Vietnam issued Circular No. 22/2017/TT-NHNN (“Circular 22”) amending and supplementing a number of articles in the Accounting system of credit institutions as stipulated in Decision No. 479/2004/QD-NHNN dated 29 April 2004, and a number of articles in the regime on financial statements applicable to credit institutions as stipulated in Decision No. 16/2007/QD-NHNN dated 18 April 2007 of the Governor of the State Bank of Vietnam. Circular 22 is effective from 1 April 2018 onwards.

Significant changes in the accounting policies of the Bank in relation to the adoption of Circular 22 have been described in Note 4(a). Besides, the Bank’s presentation of the financial statements includes some changes with new forms provided by Circular 22.

#### **Circular No. 16/2018/TT-BTC**

On 7 February 2018, the Ministry of Finance issued Circular No. 16/2018/TT-BTC on guidelines for financial regulations applied to credit institutions and branches of foreign banks (“Circular 16”). Circular 16 is effective from 26 March 2018 and supersedes Circular No. 05/2013/TT-BTC dated 9 January 2013 of the Ministry of Finance.

Significant changes in the Bank’s accounting policies related to the adoption of Circular 16 and effects to the separate financial statements have been described in Note 4(u).

### **4. Summary of significant accounting policies**

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

The accounting policies that have been adopted by the Bank in the preparation of these separate interim financial statements are consistent with those adopted in the preparation of the latest annual financial statements.

#### **(a) Foreign currency**

##### ***Foreign currency transactions***

###### ***Prior to 1 April 2018***

All transactions are recorded in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the rates of exchange ruling at the balance sheet date, non-monetary foreign currency assets and liabilities are reported using the exchange rates effective at the dates of the transactions.

Income/expense related transactions incurred in foreign currencies are translated into VND using the exchange rates ruling on the dates of the transactions.

###### ***From 1 April 2018***

All transactions are recorded in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of the last working day of the accounting period, non-monetary foreign currency assets and liabilities are reported using the exchange rates effective at the dates of the transactions.

Income/expense related transactions incurred in foreign currencies are translated into VND using the the average of the account transfer buying rates and selling rates on the dates of the transactions.

The above changes in accounting policies are applied prospectively.

**(b) Specific accounting policies regarding allowance and reversal of interest receivables recognised for outstanding financial debts in accordance with the SHB-HBB Merging Scheme 2016 – 2020**

For the outstanding financial debts, mainly from HBB, the Bank has been approved by SBV for adoption of special accounting policies based on the solutions for financial treatments suggested in the amended SHB-HBB Merging Scheme for the period from 2016 to 2020 (“the Scheme”). The outstanding financial debts comprise:

- bonds of Vietnam Asset Management Company (“VAMC”) (Notes 4(f) and 11);
- outstanding balances of loans granted to Vietnam Shipbuilding Industry Group (“Vinashin”), (renamed as Vietnam Shipbuilding Industry Corporation - “SBIC”), some member entities belonging to SBIC and entities previously belonging to SBIC and transferred to Vietnam National Oil and Gas Group (“PVN”), and Vietnam National Shipping Lines (“Vinalines”), including those which have been converted to special bonds and those have not (Notes 4(f), 4(i), 4(m), 9, 11 and 15);
- outstanding balances of loans granted to HBB (Notes 4(i) and 9); and
- doubtful debts of HBB (Notes 4(m) and 15).

For each of the years from 2016 to 2024, the Bank would make allowance for bad debts and reversal of recognised interest receivables with an amount at least equaling the amount determined in accordance with the Scheme for the aforesaid outstanding debts.

At the end of the year, if the profits exceed the target assigned by the General Meeting of Shareholders, the Bank would make additional allowance to an extent of the profit excess but not exceeding the current legally regulated level of allowances in order to shorten the duration of allowance made.

**(c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, gold on hand, balances with the SBV, balances with other credit institutions that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Gold is revaluated at the balance sheet date and the differences arising on revaluation are recorded in the separate statement of income.

**(d) Balances with and loans to other credit institutions**

Balances with other credit institutions, except for current deposits, are deposits at other credit institutions with original terms of not exceeding three months.

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

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



Credit risk classification of deposits with credit institutions and allowance thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the State Bank of Vietnam on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activities of credit institutions and foreign banks' branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amending and supplementing a number of articles of Circular 02 ("Circular 09") which takes effects from 1 June 2014. Accordingly, the Bank has provided specific allowance for balances with and loans to other credit institutions in accordance with the method described in Note 4(i).

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

**(e) Securities held for trading**

**(i) Classification and recognition**

Securities held for trading are unlisted debt securities, which are acquired principally for the purpose of selling it in the near term or there is evidence of a recent pattern of short-term profit-taking.

The Bank recognises securities held for trading at the date that it becomes a party under contracts with respect to these securities (trade date accounting).

**(ii) Measurement**

Debt securities held for trading are stated at cost less allowance for credit risks made in accordance with Circular 02 and Circular 09 as described in Note 4(i).

An allowance for diminution in the value of securities is made if market price of the securities item falls below its carrying amount.

Interest income from debt securities held for trading after the acquisition date is recognised in the separate accumulated interest income of the Bank will be reduced upon receipt.

**(iii) De-recognition**

The Bank derecognises trading securities when the contractual rights to the cash flows from these securities expire or when the significant risks and rewards of ownership of these securities have been transferred.

**(f) Investment securities**

**(i) Classification**

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

Held-to-maturity investment securities

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

Available-for-sale investment securities

Available-for-sale investment securities are debt securities, equity securities or other securities, which are held for an indefinite period and may be sold at any time.

**(ii) Recognition**

The Bank recognises investment securities at the date that it assumes substantially all the risks and rewards of ownership of the securities. Investment securities are initially recognised at cost.

**(iii) Measurement**

***Equity securities***

Available-for-sale equity securities are stated at cost; and are subsequently recognised at the lower of the cost and market value with the difference recognised in the separate statement of income.

Market value of listed available-for-sale equity securities is determined by reference to closing prices of securities from the Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange at the end of the accounting period.

Market value of unlisted available-for-sale equity securities which are actively traded on market for Unlisted Public Companies (“UpCom”) is determined by the closing price at the end of the accounting period.

Market value of unlisted available-for-sale equity securities which are actively traded on over-the-counter market (“OTC”) is stated at cost less allowance for securities by reference to the average price of the transaction price quotes from three securities companies having charter capital above VND300 billion.

In cases where market value of securities cannot be determined reliably, such securities are stated at cost.

***Debt securities***

Debt securities are initially stated at cost including transaction costs and other directly attributable costs. They are subsequently recognised at amortised cost (affected by premium/discount amortisation) less allowance for securities. Premium and discounts arising from purchases of debt securities are amortised to the separate statement of income on a straight-line basis over the period from acquisition date to maturity date.

Listed available-for-sale debt securities are measured at cost less allowance for securities determined by reference to closing prices on Hanoi Stock Exchange at the end of the accounting period.

Held-to-maturity debt securities and available-for-sale investment securities of unlisted enterprises are recognised at cost less allowance for securities. Debt classification and allowance for these bonds are made in accordance with the policies applicable to loans and advances to customers as described in Note 3(i). No general allowance is made for purchases of valuable papers issued by other credit institutions and foreign bank branches in Vietnam.

Post-acquisition interest income of available-for-sale debt securities and held-to maturity investment securities is recognised in the separate statement of income on an accrual basis. The accumulated interest income before the acquisition date is recognised as a decrease in cost when the income is received.

**(iv) De-recognition**

The Bank derecognises investment securities when the contractual rights to the cash flows from these securities expire or when the significant risks and rewards of ownership of these securities have been transferred.

(v) **Special bonds issued by Vietnam Asset Management Company (“VAMC”)**

Special bonds issued by VAMC are term valuable papers issued by VAMC for purchasing bad debts of the Bank. For each bad debt sold to VAMC, the Bank received one special bond issued by VAMC. Par value of special bonds equals to carrying amount of loan principal balance of the bad debt less specific allowance made but not yet utilized for such bad debt.

Upon completion of bad debt factoring transactions, the Bank decreases the carrying amount of the bad debts, uses the specific allowance made but not yet utilised and settle the account balance of off-balance sheet account monitoring uncollected interest income of such bad debt. At the same time, the Bank recognises special bonds issued by VAMC in the account of debt securities issued by local economic entities and held to maturity.

For special bonds issued by VAMC, the Bank makes allowance in accordance with Circular No. 19/2013/TT-NHNN dated 6 September 2013 issued by the SBV, on the purchase, sale and settlement of bad debts of VAMC (“Circular 19”) and Circular No. 14/2015/TT-NHNN dated 28 August 2014 issued by the SBV, regarding the amendments of and supplements to a number of articles of Circular 19 (“Circular 14”). Accordingly, specific allowance for special bonds issued by VAMC is calculated and provided on the principle of equal annual allocation in a manner that at the maturity date of the special bonds. Specific allowance is made on an annual basis within 5 working days prior to the maturity date of each special bond in accordance with the following formula:

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

In which:

- $X_{(m)}$  is the minimum specific provision for special bonds in the  $m^{\text{th}}$  year;
- $X_{m-1}$  is the accumulated specific provision made for special bonds until the end of the  $m-1^{\text{th}}$  year;
- $Y$  is the face value of special bonds;
- $n$  is the duration of special bonds (years);
- $m$  is the number of years from issuance of special bonds to the provisioning date;
- $Z_m$  is the accumulated bad debt repayment up to the provisioning date ( $m^{\text{th}}$  year).

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

Specific allowance for special bonds is recorded in the separate statement of income in “Allowance and provision expenses”.

According to Circular 19 and Circular 10, the Bank is not required to provide general allowance for special bonds issued by VAMC.

At the date of bond redemption, the arising interests collected by the credit institution from debts is recorded in “Other income”.

*Adoption of specific accounting policies under the Scheme*

Upon adoption of specific accounting policies under the Scheme described in Note 3(b), for special bonds issued by VAMC, the Bank recorded allowance with an amount at least equalling the amount determined in accordance with the Scheme for the aforesaid outstanding debts. At the end of the year, if the profits exceed the target assigned by the General Meeting of Shareholders, the Bank would make additional allowance to an extent of the profit excess but not exceeding the current legally regulated level of allowances in order to shorten the duration of allowance made.

**(g) Capital contribution, long-term investments**

**(i) *Investments in subsidiaries***

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured at cost less allowance for diminution in the value of investments. Distributions from the accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognized in the separate statement of income. Allowance for diminution in the value of investments is required when the economic entities in which the Bank invests make losses, except when the loss was anticipated in their business plan before the date of investment.

**(ii) *Other long-term investments***

Other long-term investments are investments in the equity of other companies without having control or significant influence. These investments are initially stated at cost, and subsequently stated at cost less allowance for diminution in the value of investments.

**(iii) *Allowance for diminution in value of other long-term investments***

Allowance for diminution in value is required for other long-term investments when the investee companies suffer losses, except when the loss was anticipated in its business plan before the date of investment. Allowance for diminution in value is determined as the total actual contributed capital of parties to the investee less (-) the actual owner's equity multiplied (x) by the Bank's ownership percentage in the investee. The allowance is reversed if the recoverable amounts are subsequently increased after the allowance was recognized. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognized.

**(h) Loans and advances to customers**

Loans and advances to customers are stated at the amount of the principal outstanding less allowance for loans and advances to customers.

Short-term loans are those with a repayment date within 1 year of the loan disbursement date. Medium-term loans are those with a repayment date between 1 to 5 years of the loan disbursement date. Long-term loans are those with a repayment date of more than 5 years from the date the loan disbursement date.

The Bank derecognises loans when the contractual rights to the cash flows from these loans expire or when substantially all the risks and rewards of ownership of these loans have been transferred.

For the loans sold to Vietnam Asset Management Company ("VAMC"), the Bank shall remove them from the balance sheet in accordance with the guidance in Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 and Official Letter No. 925/NHNN-TCKT dated 19 February 2014 issued by the SBV.

Debt classification and allowance for credit risks are made in accordance with Circular 02 and Circular 09 as described in Note 3(i).

(i) Allowance for loans and advances to customers

(i) Debt classification

Classification of deposits with and loans to other credit institutions (excluding current deposits), purchases and entrustment to purchase of unlisted corporate bonds, loans and advances to customers, and entrusted extension of credit (collectively referred to as “loans”), loans already sold but payments not yet collected, is implemented using the method based on the quantitative element as stipulated in Article 10 of Circular 02.

(ii) Specific allowance for credit risks

Except for the loans to SBIC, some subsidiaries within SBIC and former member entities of SBIC, which were transferred to PVN, and Vinalines and outstanding loans of HBB, specific allowance for credit risks as at 30 June under Circular 02 and Circular 09 is determined based on the allowance rates corresponding to loan principals at the last working day of March less discounted collateral value. The rates of specific allowance for individual loan groups are as follows:

Loan group		Overdue status	Rate of allowance
1	Current	(a) Current loans that being assessed as fully and timely recoverable, both principals and interests; or (b) Loans which are overdue for a period of less than 10 days and being assessed as fully recoverable, both overdue principals and interests, and fully and timely recoverable, both remaining principals and interests.	0%
2	Special mentioned	(a) Loans which are overdue for a period of between 10 days and 90 days; or (b) Loans which are restructured repayment term for the first time.	5%
3	Sub-standard	(a) Loans which are overdue for a period of between 91 days and 180 days; or (b) Loans which are extended repayment term for the first time; or (c) Loans which are exempted or reduced interests because customers are not sufficient capability to pay all interests under credit contracts; or (d) Loans in one of the following circumstances which remain unrecovered during a period of 30 days after the date of the recovery decision: <ul style="list-style-type: none"> <li>• Loans in breach of clauses 1, 3, 4, 5, 6 of Article 126 of the Law on Credit Institutions; or</li> <li>• Loans in breach of clauses 1, 2, 3, 4 of Article 127 of the Law on Credit Institutions; or</li> <li>• Loans in breach of clauses 1, 2, 5 of Article 128 of the Law on Credit Institutions.</li> </ul> (e) Loans which are recovered under inspection conclusions.	20%
4	Doubtful	(a) Loans which are overdue for a period of between 181 days and 360 days; or (b) Loans which are restructured repayment term for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Loans which are restructured repayment term for the second time;	50%

Loan group		Overdue status	Rate of allowance
		<p>or</p> <p>(d) Loans which are specified in point (d) of loan Group 3 have not been recoverable for a period of between 30 days and 60 days after decisions on recovery have been issued; or</p> <p>(e) Loans which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue from 60 days ago.</p>	
5	Loss	<p>(a) Loans which are overdue for a period of more than 360 days; or</p> <p>(b) Loans which are restructured repayment term for the first time but still overdue for a period of 90 days or more than under that first restructured repayment term; or</p> <p>(c) Loans which are restructured repayment term for the second time but still overdue under that second restructured repayment term; or</p> <p>(d) Loans which are restructured repayment term for the third time or later, whether loans are overdue or not; or</p> <p>(e) Loans which are specified in point (d) of Sub-standard loan have not been recoverable for a period of more than 60 days after decisions on recovery have been issued; or</p> <p>(f) Loans which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or</p> <p>(g) Loans of customers being credit institutions which are announced by SBV to place in special control status, or foreign banks' branches of which capital and assets are blockaded.</p>	100%

From 20 March 2014 to before 1 April 2015, According to Article 10, Clause 3a of Circular 02, loans are restructured and maintained in the same loan group as before rescheduling when they meet the following criteria:

- Loans and credit granting are not in breach of the law;
- Loan rescheduling serves the purpose of borrowings in credit contracts;
- Customers use the loans for the right purpose;
- Customers have the new contracted loan repayment scheme which is feasible and aligned with their business plans; and
- The Bank meets the regulations of SBV on limits, safety ratios in operations, including a maximum ratio of short-term fund used for medium- or long-term loans in cases of rescheduling short-term loans to medium- or long- term loans.

Only when the above conditions are met, may the Bank reschedule the repayment period of the loans to customers based on internal credit ratings and maintain such loans to customers in the same loan group as being currently classified. Article 10, Clause 3a of Circular 02 is effective from 20 March 2014 and expires on 1 April 2015.

The discounted value of collateral assets is determined in accordance with regulations in Circular 02, specifically as follows:

- Collateral assets with the value of VND50 billion or more for debts of customers who are related parties of the Bank and others as prescribed in Article 127 of the Law on Credit Institutions and collateral assets with the value of VND200 billion or more shall be evaluated by a licensed asset valuator.

- Other than the above, collateral assets are evaluated in accordance with the Bank’s internal policy and process.

The maximum discount rates for collateral assets are determined as follows:

<b>Types of collateral assets</b>	<b>Maximum discount rates</b>
Deposits from customers in VND	100%
Gold bars, except for those without listed prices, deposits from customers in foreign currencies	95%
Government bonds, negotiable instruments, valuable papers issued by the Bank; saving cards, deposit certificates, treasury notes, treasury bills issued by other credit institutions, foreign banks’ branches:	
▪ With the remaining term of less than 1 year	95%
▪ With the remaining term of between 1 year and 5 years	85%
▪ With the remaining term of more than 5 years	80%
Securities issued by other credit institutions and listed on the Stock Exchange	70%
Securities issued by other enterprises and listed on the Stock Exchange	65%
Securities unlisted on the Stock Exchange, valuable papers (except securities and valuable papers specified in Point c, Clause 6, Article 12 of Circular 02), and issued by credit institutions which have registered securities listing on the Stock Exchange	50%
Securities unlisted on the Stock Exchange, valuable papers (except securities and valuable papers specified in Point c, Clause 6, Article 12 of Circular 02), and issued by credit institutions which have not registered securities listing on the Stock Exchange	30%
Securities unlisted on the Stock Exchange, valuable papers issued by enterprises which have registered securities listing on the Stock Exchange	30%
Securities unlisted on the Stock Exchange, valuable papers issued by enterprises which have not registered securities listing on the Stock Exchange	10%
Real estate	50%
Gold bars without listed prices and other gold and other collateral assets	30%

For collateral assets which fail to fully meet conditions specified in Clause 3, Article 12 of Circular 02, their discounted value must be considered as zero.

The Bank makes and maintains general allowance calculated at 0.75% of outstanding loans and advances that are classified into Group 1 to 4 on 31 March.

Allowance is recognised as expenses in the separate statement of income and used to write off bad debts. The Bank established a Risk Settlement Committee to write off bad debts when loans and advances have been classified to Group 5 or when borrowers have declared bankruptcy or dissolved (for borrowers being organisations, enterprises) or borrowers have been dead or missing (for borrowers being individuals).

*Adoption of accounting policies under the Scheme*

Upon adoption of specific accounting policies under the Scheme described in Note 3(b), for the loans to SBIC, some subsidiaries within SBIC and former member entities of SBIC, which were transferred to PVN, and Vinalines and outstanding loans of HBB, the Bank recorded allowance with an amount at least equalling the amount determined in accordance with the Scheme for the aforesaid outstanding debts. At the end of the year, if the performed profits exceed the target assigned by the General Meeting of Shareholders, the Bank would make additional allowance to an extent of the profit excess but not exceeding the current legally regulated level of allowances in order to shorten the duration of allowance made.

**(iii) *Treatment of bad debts***

According to Circular 02 and Circular 09, loans and advances to customers are written off against the allowance when loans and advances to customers have been classified to Group 5 or when borrowers have been declared bankrupt or dissolved (for borrowers being organisations and enterprises) or borrowers are deceased or missing (for borrowers being individuals).

**(iv) *Provision for off-balance sheet commitments***

According to Circular 02 and Circular 09, the classification of off-balance sheet items are made only for purpose of managing and supervising quality of credit provision. No provision is made for off-balance sheet commitments unless the Bank is required to fulfil its payment obligation under guarantee contracts, in which case classification and allowance for such payment are made in accordance with the accounting policies described in Note 3(i).

**(j) *Derivative financial instruments***

**(i) *Foreign exchange contracts***

The Bank is involved in currency forward contracts and currency swap contracts to facilitate customers to transfer, adjust or reduce foreign exchange risks and other market risks and also for the business purposes of the Bank.

Currency forward contracts are commitments to buy or sell a specific currency at a specific date in the future with a pre-determined rate and will be paid in cash. The forwards contracts are recorded at nominal value at the transaction date and are revalued at effective exchange rate at the reporting date and are stated at net value in the separate balance sheet. Gains or losses from currency forward contracts are recognised in the separate statement of income.

The currency swap contracts are commitments to settle in cash at a future date based on the difference between the pre-determined rates, calculated on notional principal amount. Premiums/discounts arising from the difference of the spot exchange rate at the effective date of the contracts and the forward exchange rate will be recognized immediately on the effective date of the contracts as an asset if they are positive or as a liability if they are negative in the separate balance sheet. This difference is amortised to the separate statement of income on a straight-line basis over the term of the swap contracts.

**(ii) *Interest rate swap contracts***

The contract value in basic interest rate swaps of the same currency is not recognised in the separate balance sheet.

For cross currency interest rate swaps to exchange principals denominated in two different currencies which are exchanged at the effective date, the contract value is recognised on the separate balance sheet. Income earned and expenses incurred are recognised on an accrual basis.



For cross currency interest rate swaps to exchange principals denominated in two different currencies which are not exchanged at the effective date, the contract value is recognised on the separate balance sheet in the same manner with the contract value of currency forward contracts. These contracts are accounted in the same manner with currency forward contracts. Income earned and expenses incurred due to interest rate effects are recognised on an accrual basis.

**(k) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the separate statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

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

▪ Buildings and structures	25 years
▪ Machines and equipment	3 - 5 years
▪ Means of transportation	6 - 10 years
▪ Office equipment	3 - 7 years
▪ Other tangible fixed assets	<u>4 - 7 years</u>

**(l) Intangible fixed assets**

**(i) Software**

The cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis over 3 - 8 years.

**(ii) Land use rights**

*Definite land use rights*

Definite land use rights are stated at cost less accumulated amortisation. The initial cost of definite land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Definite land use rights are amortised on a straight-line basis over 30 - 46 years.

*Indefinite land use rights*

Indefinite land use rights are stated at cost and are not amortised. The initial cost of indefinite land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights.

**(iii) Other intangible fixed assets**

Copyrights, patents and other intangible fixed assets are amortised over a period from 4 years to 10 years on a straight-line basis.

**(m) Other assets**

Other assets, except receivables from credit activities, are stated at cost less allowance.

Except for doubtful debts of HBB, the Bank considers making allowance for impairment of assets based on overdue periods of receivables or estimated loss arising from undue debts of which the indebted economic organisations fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Provision expense is recorded in “Allowance and provision expenses” during the period.

For the overdue receivables, the provision rates are determined in accordance with Circular 228 and Circular 89 as follows:

<b>Overdue period</b>	<b>Allowance rate</b>
▪ From more than six (06) months up to less than one (01) year	30%
▪ From one (01) year up to less than two (02) years	50%
▪ From two (02) years up to less than three (03) years	70%
▪ Three (03) years or more	100%

*Adoption of accounting policies under the Scheme*

Upon adoption of accounting policies under the Scheme described in Note 3(b), for doubtful debts of HBB, the Bank recorded allowance for bad debt/reversed recognised interest receivables with amounts determined and scheduled in accordance with the Scheme. When the profits exceed the target assigned by the General Meeting of Shareholders, the Bank would make additional allowance to an extent of the profit excess but not exceeding the current legally regulated level of allowances in order to shorten the duration of allowance made.

**(n) Other provision**

Other provision, except for the allowance described in Notes 3(d), 3(e), 3(f), 3(g), 3(i) and 3(m) is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(o) Deposits from customers**

Deposits from customers are stated at their cost.

**(p) Valuable papers issued**

Valuable papers issued are recorded at cost minus extra allocations and discounts. Costs of valuable papers issued include amounts received from issuance minus direct expenses of issuance.

**(q) Other payables**

Other payables are stated at their cost.

**(r) Share capital**

**(i) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

**(ii) Share premium**

On receipt of capital from shareholders, the difference between the issue price and the par value of the shares is credited to share premium account in equity.

**(iii) Treasury shares**

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares under equity and presented as a reduction in total equity.

**(s) Reserves and funds**

***Reserves and funds of the Bank***

According to Decree No. 57/2012/ND-CP dated 20 July 2012 issued by the Government of Vietnam on financial system for credit institutions (“Decree 57”), the Bank is required to make the following allocations before distribution of profits:

	<b>Annual allocation</b>	<b>Maximum balance</b>
Reserve to supplement charter capital	5% of profit after tax	Share capital
Financial reserve	10% of profit after tax	25% of share capital

The financial reserve is used to cover losses incurred during the normal course of business. Financial reserve and reserve to supplement charter capital are non-distributable and classified as equity.

Other equity funds are allocated from profit after tax. The allocation from profit after tax to other equity funds and utilisation of other equity funds must be approved by the shareholders in the General Shareholders Meeting. Other equity funds are not required by law and are fully distributable.

**(t) Bonus and welfare funds**

Bonus and welfare funds are allocated from profit after tax in accordance with the resolution of the annual General Meeting of Shareholders and are used primarily to make payments to the Bank’s employees.

**(u) Revenue**

**(i) Interest income**

*Prior to 26 March 2018*

Interest income is recognised in the separate statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 in accordance with the policy as described in Note 4(i) which is recognised upon receipt. When loans are classified in Group 2 to Group 5 as defined in Note 4(i), interest receivable will be removed and recorded as off-balance sheet items. Interest on these loans are recognised in the separate statement of income upon receipt.

*From 26 March 2018*

The Bank adopted Circular 16 prospectively. Interest income is recognised in the separate statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 in accordance with the policy as described in Note 4(i) and loans maintained in the same current loan group to comply with the State's policies, which are recognised upon receipt. When loans are classified in Group 2 to Group 5 as defined in Note 4(i) or maintained in the same current loan group to comply with the State's policies, interest receivable will be removed and recorded as off-balance sheet items. Interest on these loans are recognised in the separate statement of income upon receipt.

The above changes in accounting policies are applied prospectively.

**(ii) Fee and commission income**

Fees and commissions are recognised in the separate statement of income upon completion of the services rendered.

**(iii) Income from investment**

Differences between selling price and weighted average cost of securities are recognised as income from securities trading.

Dividend income in cash is recognised in the separate statement of income when the Bank's right to receive payment is established.

Dividends received in the form of shares, bonus shares and rights to purchase shares given to existing shareholders, shares distributed from retained earnings are not recognized as an increase in investment and such dividend income is not recognized in the separate statement of income. When share dividends are received, the Bank only recognises an increase in the number of shares in the notes to the separate financial statements.

Dividends received in connection with the period before the investment is made are recognised as a decrease in carrying amount of the investment.

**(v) Interest expenses**

Interest expenses are recognised in the separate statement of income on an accrual basis.

**(w) Fee and commission expenses**

Fee and commission expenses are recognised in the separate statement of income when these expenses are incurred.

**(x) Operating lease payments**

Payments made under operating leases are recognised in the separate statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the separate statement of income as an integral part of the total lease expense.

**(y) Taxation**

Income tax on the profit for the period comprises current and deferred tax. Income tax is recognised in the separate statement of income.

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

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

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

**(z) Related parties**

Parties are considered to be related to the Bank if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Bank and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

**(aa) Commitments and contingent liabilities**

At any point of time, the Bank has outstanding credit commitments. These commitments are in the form of loans and approved overdraft. The Bank also provides guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the outstanding commitments and contingent liabilities will expire without incurring any part or all of an advance. Therefore, commitments and contingent liabilities do not necessarily reflect the cash-flows expected in the future.

## 5. Cash and gold on hand

	<b>30/6/2018</b> VND million	<b>31/12/2017</b> VND million
Cash on hand in VND	1,104,028	885,962
Cash on hand in foreign currencies	517,920	508,106
Gold	1,654	2,618
	1,623,602	1,396,686
	1,623,602	1,396,686

## 6. Balances with State Banks

Deposits at the State Banks consist of a compulsory reserve and a current account.

Under the State Banks’s regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement (“CRR”). The monthly average balance of the reserves must not be less than CRR rates multiplied by the preceding month’s average balances of deposits in scope at the Bank as follows:

	<b>30/6/2018</b> VND million	<b>31/12/2017</b> VND million
Deposits at the State Bank of Vietnam		
▪ Current account and compulsory reserve in VND	415,493	1,576,212
▪ Current account and compulsory reserve in foreign currencies	552,609	1,394,747
	968,102	2,970,959
	968,102	2,970,959

Deposits at the State Bank of Vietnam (“the SBV”) consist of a compulsory reserve and a current account.

Under the SBV’s regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement (“CRR”). The monthly average balance of the reserves must not be less than CRR rates multiplied by the preceding month’s average balances of deposits in scope.

Period-end/year-end CRR rates were as follows:

### Deposits in scope

	<b>CRR rates</b>	
	<b>30/6/2018</b>	<b>31/12/2017</b>
Preceding month's average balances of:		
▪ Deposits in foreign currencies other than VND with term of less than 12 months	8.00%	8.00%
▪ Deposits in foreign currencies other than VND with term of and more than 12 months	6.00%	6.00%
▪ Deposits in VND with term of less than 12 months	3.00%	3.00%
▪ Deposits in VND with term of and more than 12 months	1.00%	1.00%
	1.00%	1.00%
	1.00%	1.00%

## 7. Balances with and loans to other credit institutions

	30/6/2018 VND million	31/12/2017 VND million
<b>Current accounts</b>		
Current accounts in VND	20,609,470	20,561,678
Current accounts in foreign currencies	6,148,049	5,580,334
<b>Term deposits</b>		
Term deposits in VND	14,959,500	3,130,000
Term deposits in foreign currencies	1,686,090	2,952,177
	43,403,109	32,224,189
<b>Loans to other credit institutions</b>		
Loans in VND	1,000,000	5,654,006
	44,403,109	37,878,195

As at 30 June 2018 and 31 December 2017, all term deposits and loans to other credit institutions were Group 1 – Current loans.

## 8. Derivatives and other financial assets/(liabilities)

Details of financial derivatives at the end of the period/year were as follows:

	Total contract value (at exchange rate of the effective date of the contract) VND million	Total book value (at exchange rate of reporting date)		
		Assets VND million	Liabilities VND million	Net VND million
<b>As at 30 June 2018</b>				
Forward transactions	(4,245,998)	6,308,936	(6,340,220)	(31,284)
Swap transactions	(2,730,953)	12,364,626	(12,376,191)	(11,565)
	(6,976,951)	18,673,562	(18,716,411)	(42,849)
<b>As at 31 December 2017</b>				
Forward transactions	296,967	31,290	(28,974)	2,316
Swap transactions	4,715,795	425,452	(292,872)	132,580
	5,012,762	456,742	(321,846)	134,896

## 9. Loans and advances to customers

	<b>30/6/2018</b>	<b>31/12/2017</b>
	<b>VND million</b>	<b>VND million</b>
Loans to domestic business entities and individuals	200,046,905	190,367,205
Loans granted from other borrowed and entrusted funds	1,728,707	2,164,713
Payments on behalf of customers	38,046	35,359
Discounted bills	6,649	7,548
	<hr/>	<hr/>
	201,820,307	192,574,825
	<hr/> <hr/>	<hr/> <hr/>

Loan portfolio by loan group was as follows:

	<b>30/6/2018</b>	<b>31/12/2017</b>
	<b>VND million</b>	<b>VND million</b>
Group 1 - Current	191,982,641	184,883,038
Group 2 - Special mentioned	4,327,421	3,202,956
Group 3 - Sub-standard	1,438,997	644,785
Group 4 - Doubtful	857,804	1,082,955
Group 5 - Loss	3,213,444	2,761,091
	<hr/>	<hr/>
	201,820,307	192,574,825
	<hr/> <hr/>	<hr/> <hr/>



Loan portfolio by term was as follows:

	<b>30/6/2018</b> <b>VND million</b>	<b>31/12/2017</b> <b>VND million</b>
Short term loan	88,103,832	82,505,710
Medium term loan	51,887,936	53,241,552
Long term loan	61,828,539	56,827,563
	201,820,307	192,574,825

Portfolio of loans to customers by ownership and customer type was as follows:

	<b>30/6/2018</b> <b>VND million</b>	<b>%</b>	<b>31/12/2017</b> <b>VND million</b>	<b>%</b>
Loans to economic entities				
<i>State-owned enterprises</i>	17,128,749	8.49	21,123,365	10.97
<i>Other limited companies</i>	33,994,254	16.84	33,029,095	17.15
<i>Joint stock companies in which the</i> <i>State's holding percentage is more than</i> <i>50% (dominating percentage)</i>	12,575,449	6.23	16,986,532	8.82
<i>Other joint stock companies</i>	89,499,071	44.34	79,997,405	41.55
<i>Partnerships</i>	7,235	0.00	8,321	0.00
<i>Private companies</i>	1,929,204	0.96	1,676,668	0.87
<i>Foreign invested enterprises</i>	43,678	0.02	32,569	0.02
<i>Cooperatives, cooperative unions</i>	53,230	0.03	58,869	0.03
Loans to individuals				
<i>Household business, individuals</i>	43,588,297	21.60	37,323,800	19.38
Other loans				
<i>Other economic sectors</i>	3,001,140	1.49	2,338,201	1.21
	201,820,307	100.00	192,574,825	100.00

Loan portfolio by industry sectors was as follows:

	<b>30/6/2018</b>	<b>%</b>	<b>31/12/2017</b>	<b>%</b>
	<b>VND million</b>		<b>VND million</b>	
Agriculture, forestry and aquaculture	41,825,520	20.73	40,201,701	20.89
Mining	6,827,131	3.38	7,652,452	3.97
Manufacturing and processing	26,328,499	13.05	26,677,483	13.85
Electricity, gas, hot water, steam and air-conditioning	12,316,033	6.10	10,757,675	5.59
Water supplying and garbage and sewage treatment and management	134,090	0.07	118,922	0.06
Construction	26,982,991	13.37	27,607,085	14.34
Wholesale and retail trade; repair of motor vehicles, motor cycles	36,765,307	18.22	32,205,659	16.72
Transport, warehouse	2,920,490	1.45	3,158,672	1.64
Hospitality services	1,289,382	0.64	1,027,207	0.53
Information and communications	105,422	0.05	111,063	0.06
Finance and insurance	1,849,946	0.92	2,254,045	1.17
Real estates trading	16,011,904	7.93	15,258,716	7.92
Science and technology	589,578	0.29	599,078	0.31
Administrative activities and supporting service	1,102,886	0.55	1,293,769	0.67
Party, unions, state management, security and national defence, social guarantee	37,724	0.02	42,649	0.02
Education and training	231,354	0.11	277,413	0.14
Health care and social work	108,387	0.05	113,201	0.06
Art, playing and recreation	242,960	0.12	253,275	0.13
Other service activities	23,843,476	11.81	19,461,684	10.11
Households services	2,307,227	1.14	3,503,076	1.82
	<b>201,820,307</b>	<b>100.00</b>	<b>192,574,825</b>	<b>100.00</b>

Period-end/year-end annual interest rates were as follows:

	<b>30/6/2018</b>	<b>31/12/2017</b>
Loans and advances in VND	6.50% - 12.60%	7.50% - 12.00%
Loans and advances in USD	2.01% - 5.30%	1.90% - 5.01%
Loans and advances in other foreign currencies	2.25% - 5.13%	1.90% - 5.01%

## 10. Allowance for loans and advances to customers

Allowance for loans and advances to customers consists of:

	<b>30/6/2018</b> VND million	<b>31/12/2017</b> VND million
General allowance (i)	1,450,987	1,411,340
Specific allowance (ii)	1,323,842	1,295,813
	2,774,829	2,707,153

(i) Movements in general allowance for loans and advances to customers were as follows:

	<b>Six-month period ended 30/6/2018</b> VND million	<b>Six-month period ended 30/6/2017</b> VND million
Opening balance	1,411,340	1,018,726
Allowance made in the period (Note 30)	39,647	50,913
	1,450,987	1,069,639

(ii) Movements in specific allowance for loans and advances to customers were as follows:

	<b>Six-month period ended 30/6/2018</b> VND million	<b>Six-month period ended 30/6/2017</b> VND million
Opening balance	1,295,813	672,476
Allowance made/(reversed) in the period (Note 30)	44,517	(73,258)
Allowance utilised during the period	(16,488)	(3,358)
	1,323,842	595,860

## 11. Investment securities

	30/6/2018 VND million	31/12/2017 VND million
Available-for-sale securities (i)	12,810,706	12,142,444
Held-to-maturity securities (ii)	12,638,421	9,065,520
	25,449,127	21,207,964

### (i) Available-for-sale securities

	30/6/2018 VND million	31/12/2017 VND million
<b>Debt securities</b>		
▪ Government Securities	9,920,735	7,996,543
▪ Securities issued by other local credit institutions	1,309,489	2,799,851
▪ Securities issued by local economic entities	1,673,111	1,438,356
<b>Equity securities</b>		
▪ Securities issued by other local credit institutions	796	796
▪ Securities issued by local economic entities	32,803	32,802
	12,936,934	12,268,348
Allowance for available-for-sale securities	(126,228)	(125,904)
	12,810,706	12,142,444

Movements in allowance for available-for-sale securities in the period were as follows:

#### Six-month period ended 30 June 2018

	Allowance for diminution in the value of equity securities VND million	General allowance for available-for- sale debt securities VND million	Specific allowance for available-for- sale debt securities VND million	Total VND million
Opening balance	32,901	18,003	75,000	125,904
Allowance (reversed)/ made during the period	(33)	357	-	324
	32,868	18,360	75,000	126,228

*Six-month period ended 30 June 2017*

	Allowance for diminution in the value of equity securities VND million	General allowance for available-for- sale debt securities VND million	Specific allowance for available-for- sale debt securities VND million	Total  VND million
Opening balance	33,050	17,740	75,000	125,790
Allowance made during the period	1,438	35,231	-	36,669
	34,488	52,971	75,000	162,459

(ii) **Held-to-maturity securities**

	30/6/2018 VND million	31/12/2017 VND million
Government Securities	3,270,317	149,719
Securities issued by other local credit institutions	2,509,986	1,799,797
Securities issued by local economic entities	614,536	614,536
Special bonds issued by VAMC	8,032,565	8,118,810
	14,427,404	10,682,862
Allowance for held-to-maturity securities	(1,788,983)	(1,617,342)
	12,638,421	9,065,520

Movements of allowance for held-to-maturity securities in the period were as follows:

*Six-month period ended 30 June 2018*

	Allowance for bonds issued by VAMC	Allowance for other held-to-maturity bonds	Total
Opening balance	1,602,984	14,358	1,617,342
Allowance made during the period	172,315	(674)	171,641
	1,775,299	13,684	1,788,983

*Six-month period ended 30 June 2017*

	Allowance for bonds issued by VAMC	Allowance for other bonds	Total
Opening balance	1,254,887	1,050	1,255,937
Allowance made during the period	139,766	1,406	141,172
	<hr/> 1,394,653	<hr/> 2,456	<hr/> 1,397,109

The term and annual interest of debt securities at the period-end/year-end were as follows:

	30/6/2018		31/12/2017	
	Term	Interest rate per annum	Term	Interest rate per annum
<b>Available-for-sale securities</b>				
Government bonds	5 years	4.6% - 12.2%	3 - 10 years	4.6% - 12.2%
Bonds issued by local credit institutions	3 - 10 years	6.7% - 9%	1 - 10 years	6.7% - 9%
Bonds issued by local economic entities	3 - 15 years	8.98%	1 - 15 years	8.98%
<b>Held-to-maturity securities</b>				
Government bonds	-	7.4%	20 years	7.4%
Bonds issued by local credit institutions	10 years	7% - 8.2%	6 – 10 years	7% - 8.2%
Bonds issued by local economic entities	7 - 10 years	8.9% - 15.25%	9 – 10 years	8.9% - 15.25%

Portfolio of unlisted debt securities (excluding Government bonds, Government-guaranteed bonds and special bonds) classified as assets exposed to credit risk by loan group was as follows:

	30/6/2018 VND million	31/12/2017 VND million
Current	5,342,232	5,914,895
Doubtful	88,000	-
Loss	150,354	150,000
	<hr/> 5,580,586	<hr/> 6,064,895

## 12. Long-term investments

Portfolio by type of investments was as follows

	<b>30/6/2018</b>	<b>31/12/2017</b>
	<b>VND million</b>	<b>VND million</b>
Investment in subsidiaries - cost (i)	3,216,264	3,224,112
Other long-term investments - cost (i)	227,250	227,250
Allowance for diminution in the value of long-term investments (ii)	(10,360)	(11,785)
	<hr/>	<hr/>
	3,433,154	3,439,577
	<hr/>	<hr/>

(i) Details of investments in subsidiaries at the end of the period were as follows:

	<b>30/6/2018</b>		<b>31/12/2017</b>	
	<b>Cost</b>	<b>Share holding</b>	<b>Cost</b>	<b>Share holding</b>
	<b>VND million</b>	<b>(%)</b>	<b>VND million</b>	<b>(%)</b>
SHB Debt and Asset Management One Member Company Limited (“SHB AMC”)	20,000	100	20,000	100
Sai Gon - Hanoi Bank Laos Limited (“SHB Laos”)	1,098,227	100	1,096,162	100
Sai Gon - Hanoi Bank Cambodia Limited (“SHB Cambodia”)	1,098,037	100	1,107,950	100
SHB One Member Limited Finance Company (“SHB FC”)	1,000,000	100	1,000,000	100
	<hr/>		<hr/>	
	3,216,264		3,224,112	
	<hr/>		<hr/>	

(ii) Details of other long-term investments were as follows:

	<b>30/6/2018</b>	<b>31/12/2017</b>
	<b>VND million</b>	<b>VND million</b>
Investments in economic entities	183,236	183,236
Investments in financial institutions	44,014	44,014
	<hr/>	<hr/>
	227,250	227,250
	<hr/>	<hr/>

**Saigon – Hanoi Joint Stock Commercial Bank**  
**No. 77 Tran Hung Dao, Hoan Kiem District,**  
**Hanoi, Vietnam**  
**Notes to the separate financial statements for the**  
**six-month period ended 30 June 2018 (continued)**

**Form B05a/TCTD**  
*(Issued under Circular No.49/2014-TT-NHNN*  
*dated 31 December 2014 of*  
*the State Bank Governor)*

- (iii) Movements in allowance for diminution in the value of long-term investments in the period were as follows:

	<b>Six-month period ended 30/6/2018 VND million</b>	<b>Six-month period ended 30/6/2017 VND million</b>
Opening balance	11,785	5,838
Allowance made in the period (Note 29)	(1,425)	10,344
Closing balance	10,360	16,182



### 13. Tangible fixed assets

Six-month period ended 30 June 2018

	Buildings and structures VND million	Machines and equipment VND million	Means of transportation VND million	Office equipment VND million	Other tangible fixed assets VND million	Total VND million
<b>Cost</b>						
Opening balance	338,052	309,735	200,232	85,672	26,856	960,547
Additions	25,210	31,556	6,287	1,448	5,742	70,243
Disposals	(173)	(104)	(1,238)	(286)	-	(1,801)
Transfer to SHB FC	-	-	(1,515)	-	-	(1,515)
Closing balance	363,089	341,187	203,766	86,834	32,598	1,027,474
<b>Accumulated depreciation</b>						
Opening balance	80,513	244,822	131,104	81,074	18,715	556,228
Charge for the period	9,242	18,891	8,638	1,780	2,108	40,659
Disposals	(173)	(104)	(1,065)	(286)	-	(1,628)
Transfer to SHB FC	-	-	(1,515)	-	-	(1,515)
Closing balance	89,582	263,609	137,162	82,568	20,823	593,744
<b>Net book value</b>						
Opening balance	257,539	64,913	69,128	4,598	8,141	404,319
Closing balance	273,507	77,578	66,604	4,266	11,775	433,730

*Six-month period ended 30 June 2017*

	<b>Buildings and structures VND million</b>	<b>Machines and equipment VND million</b>	<b>Means of transportation VND million</b>	<b>Office equipment VND million</b>	<b>Other tangible fixed assets VND million</b>	<b>Total VND million</b>
<b>Cost</b>						
Opening balance	287,771	290,758	193,358	85,667	26,530	884,084
Additions	3,951	1,042	-	2,247	996	8,236
Disposals	-	-	(461)	-	-	(461)
Other movements	-	-	-	(2,544)	-	(2,544)
Closing balance	291,722	291,800	192,897	85,370	27,526	889,315
<b>Accumulated depreciation</b>						
Opening balance	69,199	209,060	115,962	78,860	18,411	491,492
Charge for the period	6,302	17,114	9,260	1,883	1,503	36,062
Disposals	-	-	(438)	-	-	(438)
Closing balance	75,501	226,174	124,784	80,743	19,914	527,116
<b>Net book value</b>						
Opening balance	218,572	81,698	77,396	6,807	8,119	392,592
Closing balance	216,221	65,626	68,113	4,627	7,612	362,199

## 14. Intangible fixed assets

Six-month period ended 30 June 2018

	Land use rights	Software	Other intangible fixed assets	Total
	VND million	VND million	VND million	VND million
<b>Cost</b>				
Opening balance	3,486,801	206,354	33,110	3,726,265
Additions	-	9,705	4,262	13,967
Disposals	-	(154)	-	(154)
Closing balance	3,486,801	215,905	37,372	3,740,078
<b>Accumulated amortisation</b>				
Opening balance	5,805	172,714	21,090	199,609
Charge for the period	78	13,571	2,268	15,917
Disposals	-	(154)	-	(154)
Closing balance	5,883	186,131	23,358	215,372
<b>Net book value</b>				
Opening balance	3,480,996	33,640	12,020	3,526,656
Closing balance	3,480,918	29,774	14,014	3,524,706

Six-month period ended 30 June 2017

	Land use rights	Software	Other intangible fixed assets	Total
	VND million	VND million	VND million	VND million
<b>Cost</b>				
Opening balance	3,478,880	192,584	33,110	3,704,574
Additions	-	1,291	-	1,291
Closing balance	3,478,880	193,875	33,110	3,705,865
<b>Accumulated amortisation</b>				
Opening balance	5,647	146,275	17,881	169,803
Charge for the period	78	12,686	1,591	14,355
Closing balance	5,725	158,961	19,472	184,158
<b>Net book value</b>				
Opening balance	3,473,233	46,309	15,229	3,534,771
Closing balance	3,473,155	34,914	13,638	3,521,707

15. Other assets

	30/6/2018 VND million	31/12/2017 VND million
Receivables	10,451,090	12,749,301
▪ <i>Receivables (i)</i>	10,369,446	12,664,165
▪ <i>Purchase of fixed assets and construction in progress (ii)</i>	81,644	85,136
Accrued interest and fee receivables (iii)	9,411,954	7,876,270
Other assets (iv)	4,795,404	5,294,790
▪ <i>Trusted investments</i>	1,926,309	1,926,309
▪ <i>Other assets</i>	2,869,095	3,368,481
Allowance for other assets (v)	(400,534)	(400,409)
	24,257,914	25,519,952

**(i) Receivables**

	<b>30/6/2018</b>	<b>31/12/2017</b>
	<b>VND million</b>	<b>VND million</b>
Internal receivables	43,609	109,936
▪ <i>Receivables from employees</i>	34,046	19,627
▪ <i>Other internal receivables</i>	9,563	90,309
External receivables	10,325,837	12,554,229
▪ <i>Receivables from deferred letters of credit</i>	6,768,049	8,095,834
▪ <i>Receivables from sale of securities</i>	1,867,860	3,495,389
▪ <i>Deposit for securities brokerage</i>	895,000	250,000
▪ <i>Advances on on-going contracts according to stage of completion</i>	79,070	63,081
▪ <i>Advances for card payments</i>	67,136	66,970
▪ <i>Security deposits for renting offices and spaces for ATM booths</i>	37,842	34,816
▪ <i>Receivables from provision of advisory services</i>	-	416,070
▪ <i>Prepaid expenses</i>	-	27,224
▪ <i>Receivables from State Budget</i>	-	24,816
▪ <i>Other receivables</i>	610,880	80,029
	10,369,446	12,664,165

**(ii) Purchase of fixed assets and construction in progress**

	<b>30/6/2018</b>	<b>31/12/2017</b>
	<b>VND million</b>	<b>VND million</b>
Office and land use rights	45,295	43,333
Construction in progress	32,590	26,903
Others	3,759	14,900
	81,644	85,136

**(iii)** Accrued interest and fees receivables include the interest receivables from entrusted amounts outstanding from HBB. With the adoption of the special accounting policy under the Scheme mentioned in Note 3(b), the Bank accounted for the accrued interest receivable according to the roadmap approved by SBV.

(iv) Other assets

	30/6/2018 VND million	31/12/2017 VND million
<b>Outstanding receivables of HBB</b>		
Trusted investments for REPO	1,405,398	1,405,398
Other trusted investments	520,911	520,911
	1,926,309	1,926,309
<b>Other assets</b>		
Foreclosed assets awaiting resolution	1,421,546	1,428,242
Materials and equipment	7,731	-
Prepaid expenses	476,232	362,112
Deferred interbank settlements	-	607,521
Loss on swap of SBIC loans awaiting resolution (*)	828,584	828,584
Other assets	135,002	142,022
	2,869,095	3,368,481
	4,795,404	5,294,790

(\*) On 12 September 2013, the Bank swapped the loans to SBIC with DATC bonds. The difference between carrying value of the loans and the amount of DATC bonds are recognised as Other assets and amortised to expenses according to the roadmap approved under the Scheme.

(v) Allowance for other assets

Allowance for other on-balance sheet assets for sale includes:

	30/6/2018 VND million	31/12/2017 VND million
Allowance for receivables outstanding of HBB (*)	386,400	386,400
Allowance for other assets	14,134	14,009
	400,534	400,409

(\*) With the adoption of the special accounting policy under the Scheme mentioned in Note 3(b), the receivables outstanding of HBB were allocated with allowance with an amount at least equaling the value specified in the Scheme. At the year-end, if the realised profit exceeds the planned profit approved by the General Meeting of Shareholders, the Bank shall add more allowance for the excessive profit, provided that the total allowance does not exceed the amount of allowance required by prevailing regulations, so as to shorten the time for making allowance for losses.

Movements in allowance for other on-balance sheet assets were as follows:

*Six-month period ended 30 June 2018*

	<b>Allowance for outstanding receivables of HBB VND million</b>	<b>Allowance for other assets VND million</b>	<b>Total VND million</b>
Opening balance	386,400	14,009	400,409
Allowance made during the period (Note 30)	-	125	125
Closing balance	386,400	14,134	400,534

*Six-month period ended 30 June 2017*

	<b>Allowance for outstanding receivables of HBB VND million</b>	<b>Allowance for other assets VND million</b>	<b>Total VND million</b>
Opening balance	129,700	13,635	143,335
Allowance made during the period (Note 30)	-	8,385	8,385
Closing balance	129,700	22,020	151,720

**16. Amounts due to the Government and the State Banks**

	<b>30/6/2018 VND million</b>	<b>31/12/2017 VND million</b>
<b>Deposits in VND from the State Treasury of Vietnam</b>	2,000,000	-
<b>Borrowings from SBV</b>		
Borrowings based on credit facilities	901,419	2,758,343
	2,901,419	2,758,343

The deposits in VND from the State Treasury of Vietnam has a term of 2 months, interest rate of 2.03% per annum (31/12/2017: Nil).

The borrowings based on credit facilities of the Bank at SBV has a term of 1 year, interest rate of 3.5% per annum (31/12/2017: term ranging from 6 months to 1 year, interest rate from 3.5% to 4.25% per annum).

## 17. Deposits and borrowings from other credit institutions

	30/6/2018 VND million	31/12/2017 VND million
<b>Demand deposits</b>		
Demand deposits in VND	17,120,935	19,041,168
Demand deposits in foreign currencies	773,289	1,604,480
<b>Term deposits</b>		
Term deposits in VND	9,557,500	11,250,300
Term deposits in foreign currencies	2,488,990	1,670,663
	29,940,714	33,566,611
<b>Borrowings from other credit institutions</b>		
Borrowings in VND	3,006,668	10,261,036
Borrowings in foreign currencies	872,320	905,643
Borrowings under financial projects (*)	610,713	440,048
Payables for deferred letters of credit	6,768,049	8,095,834
	11,257,750	19,702,561
	41,198,464	53,269,172

(\*) These are borrowings from International Development Association (World Bank) under Rural Finance Project II and III through the Ministry of Finance to provide loans to households for the rural development and poverty reduction in Vietnam. Loans to households bear interest rates as declared by the Bank from period to period.

Period/year-end annual interest rates were as follows:

	30/6/2018	31/12/2017
Term deposits in VND	0.80% - 3.00%	1.20% - 5.00%
Term deposits in foreign currencies	2.00% - 2.70%	1.60% - 3.00%
Borrowings in VND	1.10% - 4.90%	1.10% - 5.95%
Borrowings in foreign currencies	2.30% - 2.50%	0.75% - 2.79%



## 18. Deposits from customers

	<b>30/6/2018</b> VND million	<b>31/12/2017</b> VND million
<b>Demand deposits</b>		
Demand deposits in VND	15,849,036	16,220,114
Demand deposits in foreign currencies	780,816	1,303,624
<b>Term deposits</b>		
Term deposits in VND	192,007,259	164,028,428
Term deposits in foreign currencies	9,377,866	11,689,666
<b>Deposits for specific purposes</b>		
Deposits for specific purposes in VND	12,530	89,809
Deposits for specific purposes in foreign currencies	9,763	22
<b>Margin deposits</b>		
Margin deposits in VND	862,445	872,353
Margin deposits in foreign currencies	7,096	7,092
	218,906,811	194,211,108

Deposits from customers by type of customers/enterprises were as follows:

	<b>30/6/2018</b> VND million	<b>31/12/2017</b> VND million
Economic entities	65,241,982	58,782,496
Individuals	138,031,917	125,384,650
Others	15,632,912	10,043,962
	218,906,811	194,211,108

Period-end annual interest rates were as follows:

	<b>30/6/2018</b>	<b>31/12/2017</b>
Term deposits in VND	1.00% - 8.60%	1.00% - 7.60%
Term deposits in foreign currencies	0.00% - 2.00%	0.00% - 2.00%

In case customers withdraw term saving deposits prior to the maturity date, interest shall be applied in accordance with the Bank's policy from time to time in conformity with SBV's regulations.

## 19. Other borrowed and entrusted funds

	30/6/2018 VND million	31/12/2017 VND million
Medium-term, long-term borrowings from Small and Medium Enterprise Development Fund - Phase II and Phase III (i)	438,816	418,205
Long - term borrowings from Renewable Energy Development Project (ii)	700,475	470,391
Medium and long-term borrowings from the Sustainable Rural Transformation Project	-	173,399
Medium and long-term borrowings from the Smart Power Grid Funding Project	181,863	2,166
	1,321,154	1,064,161

- (i) Borrowings from Small and Medium Enterprises Development Fund - Phase II and Phase III are borrowings from Japan International Cooperation Agency (JICA) through Project Management Unit of ODA International Credit to provide loans to eligible small and medium enterprises. For loans to small and medium enterprises, applied interest rates are declared by the Bank from time to time. Principal and interest on these loans are paid every three months.
- (ii) Long-term borrowings from Renewable Energy Development Project are borrowings from International Development Association through the Ministry of Finance, the Ministry of Industry and Trade to provide loans to renewable energy projects. Interest rate of these loans is a weighted average of interest rates of customer deposits in VND with terms ranging from 0 to 12 months published quarterly by the SBV, adjusted by interest margin and the deduction rate as regulated by the Ministry of Finance. Principal and interest on these loans are paid every six months.

## 20. Valuable papers issued

Valuable papers issued represent promisory notes classified by term as follows:

Term	30/6/2018 VND million	31/12/2017 VND million
Promisory notes – below 12 months	10,798,792	12,744,634
Bonds – more than 5 years	7,363,948	3,222,635
	18,162,740	15,967,269

## 21. Other liabilities

	<b>30/6/2018</b> VND million	<b>31/12/2017</b> VND million
<b>Accrued interest and fee payables</b>	5,173,611	4,085,903
<b>Other payables and liabilities</b>	642,727	465,280
Internal payables	30,382	44,380
▪ <i>Payables to employees</i>	675	597
▪ <i>Bonus and welfare funds</i>	29,707	34,383
▪ <i>Other internal payables</i>	-	9,400
External payables	612,345	420,900
▪ <i>Taxes and others payable to State Budget (i)</i>	95,863	188,306
▪ <i>Payables on payment intermediary services</i>	420,994	230,764
▪ <i>Unearned revenue</i>	33,804	-
▪ <i>Other payables</i>	61,684	1,830
	642,727	465,280
	5,816,338	4,551,183

(i) Taxes and others payable to State Budget

	<b>30/6/2018</b> VND million	<b>31/12/2017</b> VND million
Value added tax	2,273	41,055
Corporate income tax	90,297	140,112
Other taxes	3,293	7,139
	95,863	188,306

Details of taxes payable are presented in Note 35.

## 22. Capital and reserves

Changes in capital and reserves of the Bank for the six-month period ended 30 June 2018 and 30 June 2017 were as follows:

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve	Supplemental capital reserve	Other reserves	Foreign exchange difference	Retained earnings	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>As at 1 January 2018</b>	11,196,891	101,716	(5,260)	20,013	803,621	376,952	1,022	-	2,030,685	14,525,640
Shares issued for dividend payment	839,270	-	-	-	-	-	-	-	(839,270)	-
Net profit for the period	-	-	-	-	-	-	-	-	704,751	704,751
Revaluation of monetary items	-	-	-	-	-	-	-	2,518	-	2,518
<b>As at 30 June 2018</b>	12,036,161	101,716	(5,260)	20,013	803,621	376,952	1,022	2,518	1,896,166	15,232,909
<b>As at 1 January 2017</b>	11,196,891	101,716	(5,260)	20,013	668,162	305,658	1,022	-	834,801	13,123,003
Net profit for the period	-	-	-	-	-	-	-	-	569,979	569,979
Appropriation to equity funds	-	-	-	-	-	-	-	-	(20,000)	(20,000)
Transfer of profit from subsidiaries	-	-	-	-	-	-	-	-	34,193	34,193
<b>As at 30 June 2017</b>	11,196,891	101,716	(5,260)	20,013	668,162	305,658	1,022	-	1,418,973	13,707,175

**Share capital**

	30/6/2018		31/12/2017	
	Number of shares	Par value VND million	Number of shares	Par value VND million
<b>Shares registered for issuance</b>	1,203,616,110	12,036,161	1,119,689,100	11,196,891
<b>Issued share capital</b>				
Ordinary shares	1,203,616,110	12,036,161	1,119,689,100	11,196,891
<b>Number of shares repurchased</b>				
Ordinary shares	496,186	4,962	496,186	4,962
<b>Shares in circulation</b>				
Ordinary shares	1,203,119,924	12,031,199	1,119,192,914	11,191,929

All ordinary shares of the Bank have a par value of VND10,000. Each share is entitled to one vote at meetings of the shareholders. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Bank's residual assets.

Movements in share capital during the period were as follows:

	Six-month period ended 30 June 2018		Six-month period ended 30 June 2017	
	Number of shares	Par value VND million	Number of shares	Par value VND million
Opening balance	1,119,689,100	11,196,891	1,119,192,914	11,191,929
Payment of dividends in the form of shares	83,927,010	839,270	-	-
Closing balance	1,203,616,110	12,036,161	1,119,192,914	11,191,929

## 23. Dividends

The resolution of the Annual General Meeting of Shareholders in 2017 No. 01/NQ-DHDCD dated 27 April 2017 passed the plan to list more shares for payment of dividends to shareholders at the rate of 7.5% (for every 1,000 shares, a shareholder is entitled to 75 additionally issued shares). According to the Report No. 286/TGD dated 24 January 2018 on results of issuing shares for dividend payment, which has been sent to the State Securities Commission, the Bank completed the issuance of 83,927,010 shares to existing shareholders.

## 24. Net interest income

	<b>Six-month period ended 30 June 2018 VND million</b>	<b>Six-month period ended 30 June 2017 VND million</b>
<b>Interest and similar income from</b>		
Balances with other credit institutions	139,484	212,793
Loans to customers and other credit institutions	9,135,425	6,602,421
Investments in debt securities	588,272	551,682
Fees from guarantee services	29,059	695,326
Other credit activities	32,476	70,453
	9,924,716	8,132,675
<b>Interest and similar expenses for</b>		
Deposits from customers and other credit institutions	(7,105,869)	(5,401,536)
Borrowed and entrusted funds	(182,361)	(227,135)
Valuable papers issued	(653,988)	(498,835)
Other credit activities	(22,803)	(385,022)
	(7,965,021)	(6,512,528)
<b>Net interest income</b>	1,959,695	1,620,147

## 25. Net fee and commission income

	Six-month period ended 30 June 2018 VND million	Six-month period ended 30 June 2017 VND million
<b>Fee and commission income from</b>		
Settlement and cash services	83,956	71,504
Treasury services	5,511	6,580
Agency services	12,252	1,299
Other services	26,185	78,736
	<hr/>	<hr/>
	127,904	158,119
	<hr/>	<hr/>
<b>Fee and commission expenses for</b>		
Consulting services	(14,593)	(115)
Settlement and cash services	(12,077)	(10,512)
Telecommunication expenses	(11,389)	(8,547)
Treasury services	(7,253)	(5,852)
Other services	(2,067)	(2,620)
	<hr/>	<hr/>
	(47,379)	(27,646)
	<hr/>	<hr/>
<b>Net fee and commission income</b>	80,525	130,473
	<hr/>	<hr/>

## 26. Net gain/(loss) from trading of foreign currencies

	Six-month period ended 30 June 2018 VND million	Six-month period ended 30 June 2017 VND million
<b>Gain from trading of foreign currencies</b>		
Spot foreign exchange trading	159,564	333,482
Financial derivatives	151,207	145,533
Income from trading of gold	57	119
	<hr/>	<hr/>
	310,828	479,134
	<hr/>	<hr/>
<b>Loss from trading of foreign currencies</b>		
Spot foreign exchange trading	(137,688)	(349,612)
Financial derivatives	(157,001)	(137,011)
Expenses for trading of gold	(17)	(68)
	<hr/>	<hr/>
	(294,706)	(486,691)
	<hr/>	<hr/>
<b>Net gain/(loss) from trading of foreign currencies</b>	16,122	(7,557)
	<hr/>	<hr/>

## 27. Net gain/(loss) from trading of investment securities

	Six-month period ended 30 June 2018 VND million	Six-month period ended 30 June 2017 VND million
<b>Gain /(loss) from trading of available-for-sale securities</b>		
Gain from trading of available-for-sale securities	268,129	86
Loss from trading of available-for-sale securities	(4,046)	(15,005)
Addition of allowance for available-for-sale securities (Note 11)	(324)	(36,669)
	<hr/> 263,759	<hr/> (51,588)
<b>Net loss from trading of held-to-maturity securities</b>		
Loss from trading of held-to-maturity securities	-	(1,883)
Reversal/(addition) of allowance for held-to-maturity bonds (Note 11)	674	(1,406)
	<hr/> 674	<hr/> (3,289)
<b>Net gain/(loss) from trading of investment securities</b>	<hr/> 264,433	<hr/> (54,877)

## 28. Net income from other activities

	Six-month period ended 30 June 2018 VND million	Six-month period ended 30 June 2017 VND million
<b>Income from other activities</b>		
Collection of debts written off in prior years	19,982	14,556
Proceeds from disposals of fixed assets	23,079	21,918
Other income	10,566	193,536
<b>Income from other activities</b>	<hr/> 53,627	<hr/> 230,010
<b>Expenses for other activities</b>		
Payment for social work	(2,181)	(982)
Expenses for disposals of assets	(7,341)	(37,494)
Other expenses	(12,085)	(5,628)
<b>Expenses for other activities</b>	<hr/> (21,607)	<hr/> (44,104)
	<hr/> 32,020	<hr/> 185,906



## 29. Operating expenses

	Six-month period ended 30 June 2018 VND million	Six-month period ended 30 June 2017 VND million
Tax, duties and fees	10,581	10,516
Expenses for employees	665,179	557,209
<i>In which:</i>		
<i>Salary and allowances</i>	581,698	481,929
<i>Salary based contributions</i>	39,947	40,372
<i>Allowances and other expenses to employees</i>	43,534	34,908
Expenses on assets	190,780	190,837
<i>In which:</i>		
<i>Depreciation of fixed assets</i>	56,576	50,417
Administration expenses:	279,620	200,353
Insurance fee for customers' deposits	85,672	67,423
Reversal)/addition of allowance for diminution in the value of other long-term equity investments (Note 12)	(1,425)	10,344
	1,230,407	1,036,682

## 30. Allowance and provision expenses

	Note	Six-month period ended 30 June 2018 VND million	Six-month period ended 30 June 2017 VND million
General allowance made for loans and advances to customers	10	39,647	50,913
Specific allowance made for loans and advances to customers	10	44,517	(73,258)
Allowance made for special shares issued by VAMC	11	172,315	139,766
Allowance made for other on-balance sheet assets	15	125	8,385
		256,604	125,806

### 31. Income tax

#### (a) Recognised in the separate statement of income

	Six-month period ended 30 June 2018 VND million	Six-month period ended 30 June 2017 VND million
Current tax expense		
Current year	172,486	142,321

#### (b) Reconciliation of effective tax rate

	Six-month period ended 30 June 2018 VND million	Six-month period ended 30 June 2017 VND million
Profit before tax	877,237	712,300
Tax at the Bank's tax rate	175,447	142,460
Effect of tax exempt income	(2,961)	(139)
	172,486	142,321

#### (c) Applicable tax rate

The usual income tax rate applicable to the Bank is 20% for the six-month period ended 30 June 2018 (six-month period ended 30 June 2017: 20%).

### 32. Cash and cash equivalents

	30/6/2018 VND million	31/12/2017 VND million
Cash on hand and gold	1,623,602	1,396,686
Balances with the State Bank	968,102	2,970,959
Current accounts at other credit institutions	26,757,519	26,142,012
Deposits at other credit institutions with original term not exceeding 3 months	16,645,590	6,082,177
	45,994,813	36,591,834

### 33. Employee benefits

	Six-month period ended 30 June 2018 VND million	Six-month period ended 30 June 2017 VND million
Average number of employees (person)	5,305	5,477
Employees' income	581,698	481,929
Average monthly income (VND million)	18,28	14,67

### 34. Significant transactions with related parties

In the normal course of banking business, the Bank carries out transactions with related parties. The terms of these transactions are in accordance with the Bank's regulations.

Balances of significant transactions with related parties at period/year end were as follows:

	Balances	
	30/6/2018 VND million	31/12/2017 VND million
	Receivables/ (Payables)	Receivables/ (Payables)
<b>Subsidiaries</b>		
<i>SHB Debt and Asset Management One Member Company Limited ("SHB AMC")</i>		
▪ Capital contribution	20,000	20,000
▪ Demand and term deposits	52,035	31,934
▪ Loans granted	33,840	87,120
▪ Accrued interest payable for deposits	(801)	(174)
▪ Accrued interest receivable from loans granted	7,551	6,150
<i>Sai Gon – Hanoi Bank Laos Limited ("SHB Laos")</i>		
▪ Capital contribution	1,098,227	1,096,162
▪ Demand deposits	673,076	330,591
▪ Transfer of capital	2,081,402	2,027,083
<i>Sai Gon - Hanoi Bank Cambodia Limited ("SHB Cambodia")</i>		
▪ Capital contribution	1,098,037	1,107,950
▪ Demand deposits	145,974	318,472
▪ Transfer of capital	3,443,903	3,366,588

	<b>Balances</b>	
	<b>30/6/2018</b>	<b>31/12/2017</b>
	<b>VND million</b>	<b>VND million</b>
<i>SHB One Member Limited Finance Company ("SHB FC")</i>		
▪ Capital contribution	1,000,000	1,000,000
▪ Investments in promisory notes	960,015	1,000,000
▪ Demand and term deposits	27,920	-
▪ Accrued interest payable for promisory notes and deposits	(14,750)	(249)
<b>Major shareholders</b>		
<i>T&amp;T Group Joint Stock Company</i>		
▪ Capital contribution	(9,968)	(9,968)
▪ Demand deposits	(4,321)	(12,218)
<b>Other long-term investments</b>		
<i>Sai Gon - Hanoi Insurance Corporation</i>		
▪ Capital contribution	42,857	42,857
▪ Demand deposits	(10,098)	(3,989)

Details of transactions with related parties during the period are as follows:

	<b>Transactions</b>	
	<b>Six-month</b>	<b>Six-month</b>
	<b>period ended</b>	<b>period ended</b>
	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>VND million</b>	<b>VND million</b>
	<b>Revenue/</b>	<b>Revenue/</b>
	<b>(expenses)</b>	<b>(expenses)</b>
<b>Subsidiaries</b>		
<i>SHB Debt and Asset Management One Member Company Limited ("SHB AMC")</i>		
▪ Interest expenses for deposits	(1,130)	(506)
▪ Other expenses	(24,856)	(22,228)
<i>Sai Gon – Hanoi Bank Laos Limited ("SHB Laos")</i>		
▪ Interest income from internal transfer of capital	30,107	32,449
<i>SHB One Member Limited Finance Company ("SHB FC")</i>		
▪ Interest expenses for deposits	(381)	-
▪ Interest expenses for bonds	(25,323)	-
▪ Income for office leasing	273	-
<b>Board of Directors and Supervisory Board</b>		
▪ Remuneration for Board of Directors and Supervisory Board	11,258	8,550

### 35. Obligations to the State Budget

#### *Six-month period ended 30 June 2018*

	<b>1/1/2018 Payable VND million</b>	<b>Incurred during the period VND million</b>	<b>Paid during the period VND million</b>	<b>30/6/2018 Payable VND million</b>
Corporate income tax	140,112	172,486	(222,301)	90,297
Value added tax	41,055	21,129	(59,911)	2,273
Other taxes	7,139	44,056	(47,902)	3,293
	<b>188,306</b>	<b>237,671</b>	<b>(330,114)</b>	<b>95,863</b>

#### *Six-month period ended 30 June 2017*

	<b>1/1/2017 Payable VND million</b>	<b>Incurred during the period VND million</b>	<b>Paid during the period VND million</b>	<b>30/6/2017 Payable VND million</b>
Corporate income tax	35,288	142,321	(59,137)	118,472
Value added tax	36,966	16,131	(21,105)	31,992
Other taxes	13,377	30,307	(35,993)	7,691
	<b>85,631</b>	<b>188,759</b>	<b>(116,235)</b>	<b>158,155</b>

### 36. Financial risk management

This section provides information of the Bank's exposure to risk and describes the policies, the methods used by management to control risk. The most important types of financial risk to which the Bank is exposed are credit risk, liquidity risk and market risk.

#### (a) Risk management policy for financial instruments

The Bank's orientation is to become a diversified financial group. Therefore, the use of financial instruments, including funding from customers (with deposit products and valuable papers issued) and investments in high quality financial assets has become key activities to help the Bank gain necessary interest rate gaps. From the risk management perspective, the Bank is required to maintain the structure of assets, liabilities and equity (including balance sheet items and off-balance sheet items) for the purpose of ensuring safety and mitigating risks in banking activities. In addition, the Bank has invested in securities or granted credit facilities to other banks. The risks related to currency and interest rates have been managed through applying of position limits to restrict over-concentration and simultaneously participating in activities with balancing impact to minimise risks. By holding various assets being high quality financial instruments, the structure of the Bank's separate balance sheet is able to protect the Bank from significant risks during its business processes and ensure liquidity. In addition, the Bank has been also involved in many hedging transactions related to financial instruments such as foreign currency swaps for the purpose of managing interest rate risk.

In the process of credit risk management, the Bank has adopted the Credit Handbook which provides in details the lending policies and procedures as well as implementation guidance on standardization of the Bank's credit activities. Liquidity risk is limited by holding appropriate amounts of cash and cash equivalents as Nostro accounts, term deposits at SBV and other credit institutions and valuable papers. The safety ratios with risk factors taken into account are also used to manage liquidity risk. The Bank has regularly assessed interest rate gaps, compared to the gaps of domestic markets and international markets to make timely adjustments. In addition, the application of internal risk management processes has become more efficient owing to the deployment of Centralised Capital Management System and Centralised Payment System in which all capital and payment transactions of the Bank are executed by the Head Office. Such centralisation has also helped the Bank to monitor capital movements more effectively and reduce any possible errors and unnecessarily complicated procedures

**(b) Credit risk**

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

The Bank has maintained a credit risk management policy to ensure the following basic principles are complied with:

- Establishing an appropriate environment for credit risk management;
- Operating in accordance with a healthy credit granting process;
- Maintaining an appropriate credit management, measurement and monitoring process; and
- Ensuring proper controls over credit risk.

The Bank approves credit facilities through various levels to ensure that each credit is considered independently; concurrently, the approval of the loan is made on the basis of the credit limit assigned to each authorisation level. Besides, the credit approval model of the Bank is maintained with the involvement of the Credit Committee to ensure centralised credit approval with the highest quality.

The Bank is using the internal credit rating system which has been approved by the SBV as a management tool to control credit risk, according to which each customer is classified in a level of risk. The level of risk may be modified and updated frequently. Data and results of customer rating across the system are controlled and centrally managed at the Head Office. This is the basis for credit granting and provision of services to customers as well as making provision for credit risk in accordance with regulations.

***Financial assets that are overdue but not impaired***

Financial assets that are overdue but not impaired mainly comprise loans and advances to customers classified by the Bank in Group 2 to Group 5 and overdue receivables under Circular 02 and Circular 09 that have sufficient collateral, including real estate, valuable papers and other collateral.

The maximum exposure to credit risk on balance sheet of the Bank, excluding collaterals or credit support was as follows:

As at 30 June 2018

	Neither overdue nor impaired	Overdue but not impaired			Impaired	Total
		Overdue from 10 to 90 days	Overdue from 91 to 180 days	Overdue from 181 to 360 days		
Balances with SBV	968,102	-	-	-	-	968,102
Balances with and loans to other CIs – net	44,403,109	-	-	-	-	44,403,109
Trading securities – net	443,762	-	-	-	-	443,762
Loans and advances to customers – net	189,207,812	3,822,143	1,194,463	63,489	4,079,340	199,045,478
Investment securities – net	25,190,858	-	-	-	224,670	25,415,528
Other financial assets – net	18,244,336	-	1,301,068	-	1,940,182	21,485,586
	278,457,979	3,822,143	2,495,531	63,489	6,244,192	291,761,565

As at 31 December 2017

	Neither overdue nor impaired	Overdue but not impaired			Impaired	Total
		Overdue from 10 to 90 days	Overdue from 91 to 180 days	Overdue from 181 to 360 days		
Balances with SBV	2,970,959	-	-	-	-	2,970,959
Balances with and loans to other CIs – net	37,878,195	-	-	-	-	37,878,195
Derivative financial instruments	134,896	-	-	-	-	134,896
Loans and advances to customers – net	191,353,691	2,891,516	496,370	142,811	3,609,482	199,045,478
Investment securities – net	21,026,822	-	-	-	147,544	21,174,366
Other financial assets – net	21,489,492	-	-	-	-	21,654,359
	274,854,055	2,891,516	496,370	142,811	3,757,026	282,693,386

Details of collateral held by the Bank at the period/year-end were as follows:

	<b>30/6/2018</b>	<b>31/12/2017</b>
	<b>VND million</b>	<b>VND million</b>
Real estates	274,985,747	179,099,197
Movable assets	19,281,816	44,415,367
Valuable papers	23,766,432	25,200,410
Other collaterals	170,143,314	228,033,910
	<hr/>	<hr/>
	488,177,309	476,748,884
	<hr/>	<hr/>

**(c) Liquidity risk**

Liquidity risk arises in the general funding of the Bank’s activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Bank adopts a risk measurement method that is appropriate to its operation scale and the availability of the information system, ensuring meeting the requirements for the risk mitigation. It includes indicators related to cash flows, ability of capital mobilisation, and ability of asset liquidity of the Bank. The Bank also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.

The following table provides an analysis of the assets and liabilities of the Bank into relevant maturity groupings based on the remaining period from the balance sheet date to repayment date. In practice, the actual maturity of assets or liabilities may differ from contractual terms based on the addenda to the contracts which may exist.



**Saigon – Hanoi Joint Stock Commercial Bank**  
**No. 77 Tran Hung Dao, Hoan Kiem District, Hanoi, Vietnam**  
**Notes to the separate financial statements for the six-month period ended 30 June 2018 (continued)**

**Form B05a/TCTD**  
*(Issued under Circular No.49/2014-TT-NHNN*  
*dated 31 December 2014 of the State Bank Governor)*

As at 30 June 2018 (VND million)	Overdue		Not overdue					Total
	Overdue less than 3 months	Overdue more than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	
<b>Assets</b>								
Cash and gold on hand	-	-	1,623,602	-	-	-	-	1,623,602
Balances with SBV	-	-	968,102	-	-	-	-	968,102
Balances with and loans to other CIs - gross	-	-	37,544,709	5,858,400	1,000,000	-	-	44,403,109
Securities held for trading – gross	-	-	447,115	-	-	-	-	447,115
Loans and advances to customers - gross	4,212,296	5,624,815	34,318,265	19,509,041	54,559,719	53,374,652	30,221,519	201,820,307
Investment securities - gross	150,000	-	33,598	-	3,806,350	13,768,866	9,605,524	27,364,338
Long-term investments	-	-	-	-	-	-	3,443,514	3,443,514
Fixed assets	-	-	809,874	139	7,820	164,837	2,975,766	3,958,436
Other assets – gross	1,926,309	-	16,725,280	1,271,873	4,480,299	250,186	4,501	24,658,448
	6,288,605	5,624,815	92,470,545	26,639,453	63,854,188	67,558,541	46,250,824	308,686,971
<b>Liabilities</b>								
Amounts due to the Government and State Banks	-	-	-	2,000,000	901,419	-	-	2,901,419
Deposits and borrowings from other CIs	-	-	29,078,781	7,435,915	4,243,678	359,758	80,332	41,198,464
Deposits from customers	-	-	65,178,028	49,691,057	96,329,662	7,704,863	3,201	218,906,811
Derivatives and other financial liability	-	-	42,849	-	-	-	-	42,849
Other borrowed and entrusted funds	-	-	79,861	56,512	144,923	492,199	547,659	1,321,154
Valuable papers issued	-	-	4,760,000	100,000	5,938,792	-	7,363,948	18,162,740
Other liabilities	-	-	5,816,338	-	-	-	-	5,816,338
	-	-	104,955,857	59,283,484	107,558,474	8,556,820	7,995,140	288,349,775
<b>Net liquidity gap</b>	6,288,605	5,624,815	(12,485,312)	(32,644,031)	(43,704,286)	59,001,721	38,255,684	20,337,196

**Saigon – Hanoi Joint Stock Commercial Bank**  
**No. 77 Tran Hung Dao, Hoan Kiem District, Hanoi, Vietnam**  
**Notes to the separate financial statements for the six-month period ended 30 June 2018 (continued)**

**Form B05a/TCTD**  
*(Issued under Circular No.49/2014-TT-NHNN*  
*dated 31 December 2014 of the State Bank Governor)*

As at 31 December 2017 (VND million)	Overdue		Not overdue					Total
	Overdue less than 3 months	Overdue more than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	
<b>Assets</b>								
Cash and gold on hand	-	-	1,396,686	-	-	-	-	1,396,686
Balances with SBV	-	-	2,970,959	-	-	-	-	2,970,959
Balances with and loans to other CIs - gross	-	-	29,657,814	4,966,375	3,254,006	-	-	37,878,195
Derivatives and other financial assets	-	-	134,896	-	-	-	-	134,896
Loans and advances to customers - gross	4,488,831	3,202,956	17,618,514	17,424,724	61,359,176	58,617,530	29,863,094	192,574,825
Investment securities - gross	150,000	-	33,599	-	2,489,040	13,557,465	6,721,106	22,951,210
Long-term investments	-	-	-	-	-	-	3,451,362	3,451,362
Fixed assets	-	-	809,888	2,338	14,104	135,334	2,969,311	3,930,975
Other assets – gross	3,626,455	-	15,371,283	1,875,101	4,760,338	282,435	4,749	25,920,361
	8,265,286	3,202,956	67,993,639	24,268,538	71,876,664	72,592,764	43,009,622	291,209,469
<b>Liabilities</b>								
Amounts due to the Government and State Banks	-	-	-	-	2,758,343	-	-	2,758,343
Deposits and borrowings from other CIs	-	-	38,350,038	11,227,848	3,409,473	261,492	20,321	53,269,172
Deposits from customers	-	-	62,046,566	42,136,959	83,585,426	6,438,986	3,171	194,211,108
Other borrowed and entrusted funds	-	-	6,881	27,857	105,430	456,246	467,747	1,064,161
Valuable papers issued	-	-	-	1,000,000	11,744,000	-	3,223,269	15,967,269
Other liabilities	-	-	4,551,183	-	-	-	-	4,551,183
	-	-	104,954,668	54,392,664	101,602,672	7,156,724	3,714,508	271,821,236
<b>Net liquidity gap</b>	8,265,286	3,202,956	(36,961,029)	(30,124,126)	(29,726,008)	65,436,040	39,295,114	19,388,233

**(d) Market risks**

**(i) Interest rate risk**

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature at different times or in differing amounts. Some assets have indefinite maturities or interest rate sensitivities and are not readily matched with specific liabilities.

The Bank adopts a currency risk measurement method for all assets – liabilities items with respect to interest income. The Bank also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.

The following tables show the Bank's assets and liabilities categorised by the contractual re-pricing or maturity date and the effective interest rates at the balance sheet date.

Time limit for repricing of effective interest rates is the remaining period from the end of the accounting period to the most recent repricing of effective interest rates of assets and equity items.

**Saigon – Hanoi Joint Stock Commercial Bank**  
**No. 77 Tran Hung Dao, Hoan Kiem District, Hanoi, Vietnam**  
**Notes to the separate financial statements for the six-month period ended 30 June 2018 (continued)**

**Form B05a/TCTD**  
*(Issued under Circular No.49/2014-TT-NHNN*  
*dated 31 December 2014 of the State Bank Governor)*

<b>As at 30 June 2018 (VND million)</b>	<b>Overdue</b>	<b>Free of interest</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Assets</b>									
Cash and gold on hand	-	1,623,602	-	-	-	-	-	-	1,623,602
Balances with State Banks	-	-	968,102	-	-	-	-	-	968,102
Balances with and loans to other CIs – gross	-	-	37,544,709	5,858,400	1,000,000	-	-	-	44,403,109
Securities held for trading – gross	-	447,115	-	-	-	-	-	-	447,115
Loans and advances to customers –gross	9,837,111	-	81,967,123	81,966,845	13,102,074	7,194,211	6,702,136	1,050,807	201,820,307
Investment securities – gross	150,000	8,066,164	-	200,000	3,427,130	1,924,331	7,029,461	6,567,252	27,364,338
Long-term investments	-	3,443,514	-	-	-	-	-	-	3,443,514
Fixed assets	-	3,958,436	-	-	-	-	-	-	3,958,436
Other assets – gross	1,926,308	15,964,090	961,164	1,538,164	3,672,688	596,034	-	-	24,658,448
	11,913,419	33,502,921	121,441,098	89,563,409	21,201,892	9,714,576	13,731,597	7,618,059	308,686,971
<b>Liabilities</b>									
Amounts due to the Government and State Banks	-	-	-	2,000,000	901,419	-	-	-	2,901,419
Deposits and borrowings from other CIs	-	-	29,726,532	8,096,605	2,773,269	596,034	2,094	3,930	41,198,464
Deposits from customers	-	-	65,196,345	49,690,807	52,855,106	44,556,354	6,604,998	3,201	218,906,811
Derivatives and other financial liabilities	-	42,849	-	-	-	-	-	-	42,849
Other borrowed and entrusted funds	-	-	507,636	-	778,471	-	35,047	-	1,321,154
Valuable papers issued	-	-	4,760,000	100,000	4,519,000	1,419,792	1,000,594	6,363,354	18,162,740
Other liabilities	-	5,816,338	-	-	-	-	-	-	5,816,338
	-	5,859,187	100,190,513	59,887,412	61,827,265	46,572,180	7,642,733	6,370,485	288,349,775
<b>Interest sensitivity gap</b>	11,913,419	27,643,734	21,250,585	29,675,997	(40,625,373)	(36,857,604)	6,088,864	1,247,574	20,337,196

**Saigon – Hanoi Joint Stock Commercial Bank**  
**No. 77 Tran Hung Dao, Hoan Kiem District, Hanoi, Vietnam**  
**Notes to the separate financial statements for the six-month period ended 30 June 2018 (continued)**

**Form B05a/TCTD**  
*(Issued under Circular No.49/2014-TT-NHNN*  
*dated 31 December 2014 of the State Bank Governor)*

<b>As at 31 December 2017 (VND million)</b>	<b>Overdue</b>	<b>Free of interest</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Assets</b>									
Cash and gold on hand	-	1,396,686	-	-	-	-	-	-	1,396,686
Balances with State Banks	-	-	2,970,959	-	-	-	-	-	2,970,959
Balances with and loans to other CIs – gross	-	-	29,657,814	4,966,375	3,254,006	-	-	-	37,878,195
Derivatives and other financial assets	-	134,896	-	-	-	-	-	-	134,896
Loans and advances to customers –gross	7,691,788	-	61,057,437	85,294,633	17,031,978	13,212,475	7,565,602	720,912	192,574,825
Investment securities – gross	150,000	8,152,409	-	357	1,099,861	3,789,029	7,083,406	2,676,148	22,951,210
Long-term investments	-	3,451,362	-	-	-	-	-	-	3,451,362
Fixed assets	-	3,930,975	-	-	-	-	-	-	3,930,975
Other assets – gross	3,626,453	22,293,908	-	-	-	-	-	-	25,920,361
	11,468,241	39,360,236	93,686,210	90,261,365	21,385,845	17,001,504	14,649,008	3,397,060	291,209,469
<b>Liabilities</b>									
Amounts due to the Government and State Banks	-	-	-	-	2,758,343	-	-	-	2,758,343
Deposits and borrowings from other CIs	-	-	39,221,448	11,419,834	2,356,802	265,199	2,047	3,842	53,269,172
Deposits from customers	-	-	62,046,565	42,136,959	43,646,125	39,939,300	6,438,986	3,173	194,211,108
Other borrowed and entrusted funds	-	-	-	-	1,061,995	-	2,166	-	1,064,161
Valuable papers issued	-	-	-	1,000,000	5,185,000	6,559,000	1,000,634	2,222,635	15,967,269
Other liabilities	-	4,551,183	-	-	-	-	-	-	4,551,183
	-	4,551,183	101,268,013	54,556,793	55,008,265	46,763,499	7,443,833	2,229,650	271,821,236
<b>Interest sensitivity gap</b>	11,468,241	34,809,053	(7,581,803)	35,704,572	(33,622,420)	(29,761,995)	7,205,175	1,167,410	19,388,233

**(ii) *Currency risk***

Currency risk is the risk that the value of a financial instrument fluctuates due to changes in foreign exchange rates. the Bank was incorporated and operates in Vietnam, with Vietnamese Dong as its reporting currency. The major currency in which the Bank transacts is Vietnamese Dong. The Bank's loans and advances were mainly denominated in Vietnamese Dong and United States Dollar. However, some of the Bank's other assets are in currencies other than Vietnamese Dong and United States Dollar. the Bank's management has set limits on positions by currency based on the internal risk assessment system of the Bank and regulations of the SBV. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

**Saigon – Hanoi Joint Stock Commercial Bank**  
**No. 77 Tran Hung Dao, Hoan Kiem District, Hanoi, Vietnam**  
**Notes to the separate financial statements for the six-month period ended 30 June 2018 (continued)**

**Form B05a/TCTD**  
*(Issued under Circular No.49/2014-TT-NHNN*  
*dated 31 December 2014 of the State Bank Governor)*

<b>As at 30 June 2018</b> <b>(VND million)</b>	<b>VND</b>	<b>USD</b>	<b>EUR</b>	<b>Other</b> <b>currencies</b>	<b>Total</b>
<b>Assets</b>					
Cash and gold on hand	1,104,028	482,567	31,836	5,171	1,623,602
Balances with State Banks	415,493	552,609	-	-	968,102
Balances with and loans to other CIs – gross	36,568,970	7,534,278	234,560	65,301	44,403,109
Securities held for trading – gross	447,115	-	-	-	447,115
Loans and advances to customers – gross	193,808,253	7,965,976	46,078	-	201,820,307
Investment securities – gross	27,364,338	-	-	-	27,364,338
Long-term investments	1,198,955	1,136,250	-	1,108,309	3,443,514
Fixed assets	3,958,436	-	-	-	3,958,436
Other assets – gross	17,482,643	6,850,668	255,463	69,674	24,658,448
	282,348,231	24,522,348	567,937	1,248,455	308,686,971
<b>Liabilities</b>					
Amounts due to the Government and State Banks	2,901,419	-	-	-	2,901,419
Deposits and borrowings from other CIs	30,327,074	10,871,005	-	385	41,198,464
Deposits from customers	208,731,270	9,908,934	217,892	48,715	218,906,811
Derivatives and other financial liabilities	(6,980,478)	7,014,834	-	8,493	42,849
Other borrowed and entrusted funds	1,286,107	-	35,047	-	1,321,154
Valuable papers issued	18,162,740	-	-	-	18,162,740
Other liabilities	5,453,690	39,184	255,543	67,921	5,816,338
Capital and reserves	15,232,909	-	-	-	15,232,909
	275,114,731	27,833,957	508,482	125,514	303,582,684
<b>FX position on balance sheet</b>	7,233,500	(3,311,609)	59,455	1,122,941	5,104,287

**Saigon – Hanoi Joint Stock Commercial Bank**  
**No. 77 Tran Hung Dao, Hoan Kiem District, Hanoi, Vietnam**  
**Notes to the separate financial statements for the six-month period ended 30 June 2018 (continued)**

**Form B05a/TCTD**  
*(Issued under Circular No.49/2014-TT-NHNN*  
*dated 31 December 2014 of the State Bank Governor)*

<b>As at 31 December 2017</b> <b>(VND million)</b>	<b>VND</b>	<b>USD</b>	<b>EUR</b>	<b>Other currencies</b>	<b>Total</b>
<b>Assets</b>					
Cash and gold on hand	885,961	469,184	34,847	6,694	1,396,686
Balances with State Banks	1,576,212	1,394,747	-	-	2,970,959
Balances with and loans to other CIs – gross	29,345,684	8,363,994	106,368	62,149	37,878,195
Derivatives and other financial assets	(491,844)	531,333	95,407	-	134,896
Loans and advances to customers – gross	183,347,340	9,208,635	18,850	-	192,574,825
Investment securities – gross	22,951,210	-	-	-	22,951,210
Long-term investments	1,278,650	1,080,802	-	1,091,910	3,451,362
Fixed assets	3,930,975	-	-	-	3,930,975
Other assets – gross	17,172,056	8,748,154	40	111	25,920,361
	<b>259,996,244</b>	<b>29,796,849</b>	<b>255,512</b>	<b>1,160,864</b>	<b>291,209,469</b>
<b>Liabilities</b>					
Amounts due to the Government and State Banks	2,758,343	-	-	-	2,758,343
Deposits and borrowings from other CIs	40,992,554	12,274,133	-	2,485	53,269,172
Deposits from customers	181,210,704	12,710,052	251,617	38,735	194,211,108
Derivatives and other financial liabilities	(4,910,723)	4,897,685	-	13,038	-
Other borrowed and entrusted funds	1,061,995	-	2,166	-	1,064,161
Valuable papers issued	15,967,269	-	-	-	15,967,269
Other liabilities	4,537,549	13,283	351	-	4,551,183
Capital and reserves	14,525,640	-	-	-	14,525,640
	<b>256,143,331</b>	<b>29,895,153</b>	<b>254,134</b>	<b>54,258</b>	<b>286,346,876</b>
<b>FX position on balance sheet</b>	<b>3,852,913</b>	<b>(98,304)</b>	<b>1,378</b>	<b>1,106,606</b>	<b>4,862,593</b>



### 37. Commitments

#### *Leases*

At the reporting date, the minimum lease payments under non-cancellable operating leases were:

	<b>30/6/2018</b> <b>VND million</b>	<b>31/12/2017</b> <b>VND million</b>
Up to one year	50,708	71,770
From more than one year to five years	273,788	230,368
More than five years	79,233	82,053
	<hr/> 403,729	<hr/> 384,191

### 38. Seasonal or cyclical factors

The Bank's interim results of operation is not subject to seasonal or cyclical factors, except for the following items:

#### (a) Taxation

In accordance with current tax regulations, income tax is computed and finalised at the year-end. Interim period income tax expense is calculated at the rate of 20% of profit before tax for the interim period (six-month period ended 30/6/2017: 20%).

#### (b) Statutory reserves

Under prevailing regulations, the Bank is required to provide for statutory reserves annually. Therefore, the Bank did not provide for the statutory reserves for the six-month period ended 30 June 2018.

#### (c) Additional allowance in accordance with the specific accounting policies regarding allowance and reversal of interest receivables recognised for outstanding financial debts in accordance with the SHB-HBB Merging Scheme 2016 – 2020

For the outstanding financial debts, mainly from HBB, the Bank has been approved by SBV for adoption of specific accounting policies based on the solutions for financial treatments suggested in the amended SHB-HBB Merging Scheme for the period 2016 - 2020.

For each of the years from 2016 to 2024, the Bank would make allowance for bad debts and reversal of recognised interest receivables with an amount at least equalling the amount determined in accordance with the Scheme for the aforesaid outstanding debts.

At the end of the year, if the performed profits exceed the target assigned by the General Meeting of Shareholders, the Bank would make additional allowance to an extent of the profit excess but not exceeding the current legally regulated level of allowances in order to shorten the duration of allowance made. For the six-month period ended 30 June 2018, the Bank did not provide this additional allowance as its results of operations for the whole year were not determined accurately.

### 39. Changes in accounting estimates

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

### 40. Unusual items

Except for the seasonal or cyclical factors described in Note 38, there are no significant unusual items incurred in the six-month period ended 30 June 2018.

### 41. Changes in the composition of the Bank

There are no significant changes in the composition of the Bank for the period from 1 January 2018 to the date of these interim financial statements.

18 August 2018

Prepared by:

Reviewed by

Approved by:

Le Thi Nu  
*Deputy Head of  
Accounting Department*

Ngo Thi Van  
*Chief Accountant*

Ngo Thu Ha  
*Deputy Executive Officer*

Nguyen Van Le  
*Chief Executive Officer*