



An Binh Commercial Joint Stock Bank

Consolidated Financial Statements
for the year ended 31 December 2018



An Binh Commercial Joint Stock Bank Bank Information

Establishment and Operation Banking License No.

0031/NH-GP

15 April 1993

The Establishment and Operation Banking License was issued by the State Bank of Vietnam and is valid for 20 years from 18 September 2007. On 22 July 2008, the Governor of the State Bank of Vietnam signed Decision No. 1631/QD-NHNN to approve the extension of the Bank's operation duration to 99 years from the date of license.

Enterprises Registration Certificate No.

0301412222

17 May 1993

The Enterprises Registration Certificate has been amended several times, the most recent of which is by Enterprises Registration Certificate No. 0301412222 dated 21 May 2018. The initial Enterprises Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Mr. Dao Manh Khang	Chairman (from 25 April 2018)
	Vice Chairman (until 25 April 2018)
Mr. Vu Van Tien	Vice Chairman (from 25 April 2018)
	Chairman (until 25 April 2018)
Mr. Luu Van Sau	Independent Member (from 25 April 2018)
Mr. Nguyen Danh Luong	Independent Member (from 25 April 2018)
Mr. Soon Su Long	Member (from 25 April 2018)
Mr. Tran Ba Vinh	Independent Member (until 25 April 2018)
Mr. Trinh Thanh Hai	Independent Member (until 25 April 2018)
Ms. Iris Fang	Member
Ms. Sim Sio Hoong	Member (until 25 April 2018)
Ms. Lim Siew Ming	Member (until 15 May 2018)

**An Binh Commercial Joint Stock Bank
Bank Information (continued)**

Supervisory Board	Ms. Nguyen Thi Hanh Tam	Chief Supervisor
	Ms. Pham Thi Hang	Full-time Member
	Ms. Nguyen Thi Thanh Thai	Member (from 25 April 2018)
	Ms. Nguyen Thi Huong	Part-time Member (until 25 April 2018)
Board of Management	Mr. Pham Duy Hieu	Acting General Director (from 18 October 2018)
	Ms. Duong Thi Mai Hoa	General Director (from 24 July 2018 to 17 October 2018)
		Acting General Director (from 4 May 2018 to 23 July 2018)
	Mr. Nguyen Manh Quan	Acting General Director (from 12 January 2018 to 3 May 2018)
	Mr. Cu Anh Tuan	Deputy General Director General Director (until 12 January 2018)
	Mr. Do Lam Dien	Deputy General Director
	Mr. Ha Huy Cuong	Deputy General Director (until 22 November 2018)
	Ms. Pham Thi Hien	Deputy General Director
	Ms. Nguyen Thi Huong	Deputy General Director
	Ms. Tran Thi Thu Thuy	Director of Human Resource Management Division
	Mr. Le Manh Hung	Director of Corporate Banking Division
	Mr. Tran Viet Thang	Director of Banking Technology Division
	Mr. Bui Quoc Viet	Chief Accountant
Registered Office	170 Hai Ba Trung, Da Kao Ward District 1, Ho Chi Minh City Vietnam	
Auditor	KPMG Limited Vietnam	

An Binh Commercial Joint Stock Bank Statement of the Board of Management

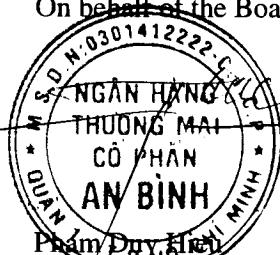
The Board of Management of An Binh Commercial Joint Stock Bank (“the Bank”) presents this statement and the accompanying consolidated financial statements of the Bank and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2018.

The Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements 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 financial reporting. In the opinion of the Bank’s Board of Management:

- (a) the consolidated financial statements set out on pages from 6 to 101 give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated results of operations and its consolidated cash flows for the year 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 financial reporting; and
- (b) at the date of this statement, there are no reasons for the Bank’s Board of Management to believe that the Group 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 consolidated financial statements for issue.

On behalf of the Board of Management



Phạm Duy Hiền
Acting General Director

Ho Chi Minh City, 29 March 2019



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders An Binh Commercial Joint Stock Bank

We have audited the accompanying consolidated financial statements of An Binh Commercial Joint Stock Bank ("the Bank") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2018, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 29 March 2019, as set out on pages 6 to 101.

The Board of Management's Responsibility

The Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements 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 financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of An Binh Commercial Joint Stock Bank and its subsidiaries as at 31 December 2018 and of their consolidated results of operations and their consolidated cash flows for the year 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 financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 18-01-00325-19-2



Trần Văn Phúc
Practicing Auditor Registration
Certificate No. 1901-2018-007-1
Deputy General Director

Nguyen Ho Khanh Tan
Practicing Auditor Registration
Certificate No. 3458-2015-007-1

Ho Chi Minh City, 29 March 2019

		Note	31/12/2018 VND million	31/12/2017 VND million
A	ASSETS			
I	Cash on hand	5	859,990	873,194
II	Balances with the State Bank of Vietnam	6	2,171,731	1,113,833
III	Deposits with and loans to other credit institutions	7	9,138,882	13,656,131
1	Deposits with other credit institutions		6,718,744	4,707,778
2	Loans to other credit institutions		2,420,138	8,948,353
IV	Held-for-trading securities	8	-	198,500
1	Held-for-trading securities		-	200,000
2	Allowance for losses on held-for-trading securities		-	(1,500)
V	Derivatives and other financial assets	9	107,851	101,758
VI	Loans and advances to customers		51,537,029	47,142,603
1	Loans and advances to customers	10	52,184,147	47,902,493
2	Allowance for losses on loans and advances to customers	11	(647,118)	(759,890)
VII	Debts purchase	12	278,331	321,164
1	Debts purchase		280,516	323,672
2	Allowance for losses on debts purchase		(2,185)	(2,508)
VIII	Investment securities	13	21,151,186	17,304,475
1	Available-for-sale securities		18,420,114	15,532,523
2	Held-to-maturity securities		3,670,500	2,894,834
3	Allowance for losses on investment securities		(939,428)	(1,122,882)
IX	Long-term investments	14	268,791	313,319
3	Investments in an associate		-	44,929
4	Other long-term investments		268,791	268,791
5	Allowance for diminution in the value of long-term investments		-	(401)

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

An Binh Commercial Joint Stock Bank
170 Hai Ba Trung, Da Kao Ward, District 1
Ho Chi Minh City, Vietnam
Consolidated balance sheet as at 31 December 2018
(continued)

Form B02/TCTD-HN
(Issued in accordance with Circular No.
49/2014/TT-NHNN dated 31 December 2014
of the State Bank of Vietnam)

		Note	31/12/2018 VND million	31/12/2017 VND million
X	Fixed assets		970,104	819,621
1	Tangible fixed assets	15	565,012	547,952
a	Cost		1,011,111	939,374
b	Accumulated depreciation		(446,099)	(391,422)
3	Intangible fixed assets	16	405,092	271,669
a	Cost		598,819	444,779
b	Accumulated amortisation		(193,727)	(173,110)
XI	Investment property	17	72,473	98,585
a	Cost		74,030	102,453
b	Accumulated depreciation		(1,557)	(3,868)
XII	Other assets	18	3,441,523	2,559,886
1	Receivables		1,989,902	1,106,205
2	Accrued interest and fees receivable		1,004,753	1,147,807
4	Other assets		609,845	477,096
5	Allowance for losses on other assets		(162,977)	(171,222)
TOTAL ASSETS			89,997,891	84,503,069

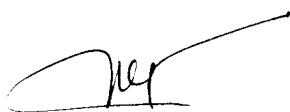
The accompanying notes are an integral part of these consolidated financial statements

		Note	31/12/2018 VND million	31/12/2017 VND million
B	LIABILITIES AND EQUITY			
	LIABILITIES			
I	Borrowings from the State Bank of Vietnam	19	6,753,044	-
II	Deposits and borrowings from other credit institutions	20	9,343,977	16,830,238
1	Deposits from other credit institutions		4,237,529	8,510,245
2	Borrowings from other credit institutions		5,106,448	8,319,993
III	Deposits from customers	21	62,259,884	57,897,880
IV	Valuable papers issued	22	1,943,038	1,965,720
V	Grants and entrusted funds received	23	1,151,990	286,337
VII	Other liabilities		1,677,213	1,404,305
1	Accrued interest and fees payable		1,065,874	1,038,779
3	Other liabilities	24	611,339	365,526
	TOTAL LIABILITIES		83,129,146	78,384,480
	EQUITY			
VIII	Owners' equity	25	6,868,745	6,118,589
1	Capital		5,320,490	5,320,490
a	Charter capital		5,319,496	5,319,496
b	Capital for construction in progress and purchasing fixed assets		994	994
2	Reserves		480,167	370,277
5	Retained profits		1,068,088	427,822
	TOTAL EQUITY		6,868,745	6,118,589
	TOTAL LIABILITIES AND EQUITY		89,997,891	84,503,069

	Note	31/12/2018 VND million	31/12/2017 VND million	
OFF-BALANCE SHEET ITEMS				
I	CONTINGENT LIABILITIES	41	69,983,717	72,383,297
2	Commitments on foreign exchange transactions		61,486,753	63,626,272
	▪ Commitments to buy foreign currencies		4,285,558	9,686,847
	▪ Commitments to sell foreign currencies		4,289,057	9,633,267
	▪ Commitments to swap currency transactions		52,912,138	44,306,158
3	Undrawn loans commitments		42,497	387,561
4	Letters of credit commitments		285,180	1,237,089
5	Other guarantees		5,610,087	6,472,541
6	Other commitments		2,559,200	659,834

29 March 2019

Prepared by



Nguyen Cong Anh
Head of General Accounting
Department

Approved by



Bui Quoc Viet
Chief Accountant




Pham Duy Hieu
Acting General Director

An Binh Commercial Joint Stock Bank
170 Hai Ba Trung, Da Kao Ward, District 1
Ho Chi Minh City, Vietnam
Consolidated statement of income for the year ended
31 December 2018

Form B03/TCTD-HN
(Issued in accordance with Circular No.
49/2014/TT-NHNN dated 31 December 2014
of the State Bank of Vietnam)

		Note	2018 VND million	2017 VND million
1	Interest and similar income	27	5,478,075	5,390,187
2	Interest and similar expenses	27	(3,439,575)	(3,208,348)
I	Net interest income	27	2,038,500	2,181,839
3	Fee and commission income	28	467,786	301,270
4	Fee and commission expenses	28	(133,967)	(114,974)
II	Net fee and commission income	28	333,819	186,296
III	Net gain from trading of foreign currencies	29	196,175	103,886
IV	Net gain from trading of held-for-trading securities	30	8,508	3,049
V	Net gain from trading of investment securities	30	372,078	195,408
5	Other income	31	71,484	36,897
6	Other expenses	31	(109,771)	(13,463)
VI	Net other (expenses)/income	31	(38,287)	23,434
VII	Income from capital contribution, share purchases	32	2,086	12,380
VIII	Operating expenses	33	(1,670,432)	(1,603,068)
IX	Operating profit before allowance expenses for credit losses		1,242,447	1,103,224
X	Allowance expenses for credit losses	34	(314,472)	(492,783)
XI	Profit before tax (carried forward to next page)		927,975	610,441

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

	Note	2018 VND million	2017 VND million
XI Profit before tax (brought forward from previous page)		927,975	610,441
7 Corporate income tax expense – current	35	(213,068)	(121,605)
8 Corporate income tax expense – deferred	35	-	-
XII Total corporate income tax expense	35	(213,068)	(121,605)
XIII Profit after tax		714,907	488,836
		VND/share	VND/share
XV Basic earnings per share	36	1,307	899

29 March 2019

Prepared by



Nguyen Cong Anh
Head of General Accounting
Department



Bui Quoc Viet
Chief Accountant



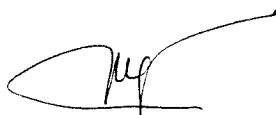

Pham Duy Hieu
Acting General Director

		2018 VND million	2017 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received	5,621,129	5,226,516
02	Interest and similar expenses paid	(3,412,480)	(2,935,992)
03	Net fee and commission income received	333,819	186,296
04	Net receipts from foreign currencies and securities trading activities	567,547	332,383
05	Other (expenses paid)/income received	(16,637)	12,223
06	Collection of bad debts previously written-off	17,729	12,032
07	Salaries and operating expenses paid	(1,632,525)	(1,400,401)
08	Corporate income tax paid during the year	(190,506)	(104,230)
	Cash flows from operating activities before changes in operating assets and liabilities	1,288,076	1,328,827
Changes in operating assets			
09	Decrease in deposits with and loans to other credit institutions	1,557,264	5,803,530
10	Increase in investment securities	(3,510,057)	(2,736,516)
11	Increase in derivatives and other financial assets	(6,093)	(9,609)
12	Increase in loans and advances to customers	(4,238,498)	(7,727,875)
13	Utilisation of allowance for credit losses on loans and advance to customers	(604,057)	(150,597)
14	(Increase)/decrease in other operating assets	(1,020,588)	946,284
Changes in operating liabilities			
15	Increase/(decrease) in borrowings from the State Bank of Vietnam	6,753,044	(1,643,448)
16	(Decrease)/increase in deposits and borrowings from other credit institutions	(7,486,261)	3,724,974
17	Increase in deposits from customers	4,362,004	6,373,288
19	Increase/(decrease) in grants and entrusted funds received	865,653	(25,573)
21	Increase/(decrease) in other operating liabilities	292,928	(275,921)
I	NET CASH FLOWS FROM OPERATING ACTIVITIES	(1,746,585)	5,607,364

	2018	2017
	VND million	VND million
CASH FLOWS FROM INVESTING ACTIVITIES		
01 Payment for purchases of fixed assets	(210,012)	(90,791)
02 Proceeds from disposals of fixed assets	100	21,031
05 Proceeds from disposals of investment properties	29,000	1,564
08 Proceeds from disposals of investments in other entities	22,302	-
09 Receipts of dividends and profit distributions from long-term investments	12,586	2,016
II NET CASH FLOWS FROM INVESTING ACTIVITIES	(146,024)	(66,180)
CASH FLOWS FROM FINANCING ACTIVITIES		
02 Receipts from issuance of valuable papers	-	1,565,720
03 Payment for valuable papers settlement	(22,682)	-
04 Payment for dividends	-	(202,106)
III NET CASH FLOWS FROM FINANCING ACTIVITIES	(22,682)	1,363,614
IV NET CASH FLOWS FOR THE YEAR	(1,915,291)	6,904,798
V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	13,205,894	6,301,096
VII CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 37)	11,290,603	13,205,894

29 March 2019

Prepared by



Nguyen Cong Anh
Head of General Accounting
Department



Bui Quoc Viet
Chief Accountant



Pham Duy Hieu
Acting General Director

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

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

1. Reporting entity

(a) Establishment and activities

An Binh Commercial Joint Stock Bank (“the Bank”) is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam. The Bank was established under the Establishment and Operation Banking Licence No. 0031/NH-GP issued by the State Bank of Vietnam (“the SBV”) on 15 April 1993 and Enterprise Registration Certificate No. 0301412222 issued by the Department of Planning and Investment of Ho Chi Minh City on 17 May 1993. The Establishment and Operation Banking Licence is valid for 20 years from 18 September 2007. The Bank’s Establishment and Operation Banking Licence has been extended to 99 years in accordance with Decision No. 1631/QĐ-NHNN issued by the SBV on 22 July 2008.

The principal activities of the Bank include:

- Monetary intermediation activities including:
 - To mobilise funds from domestic and foreign markets in the form of demand deposits, term deposits, saving deposits; to issue certificate of deposits, bonds and valuable papers; to borrow on a short-term basis from the SBV in the form of refinancing; to borrow from other credit institutions and finance companies; and
 - To entrust, to be trusted, to provide agency services related to banking, insurance, and assets management in accordance with SBV’s regulations.
- To grant short-term, medium and long-term loans, finance leases and bank guarantees;
- Other financial services: to provide domestic, international settlement services and other banking services allowed by the SBV and international finance services;
- Other credit activities: to issue credit cards; to discount, re-discount financial instruments and valuable papers; to invest in shares; and
- Financial support activities: to provide banking finance advisory; to trade Government bonds, corporate bonds; to trade gold; to participate in bidding treasury bills; to trade financial instruments, treasury bills, SBV’s notes and other valuable papers.

The principal activities of the subsidiary include:

- To receive, manage bad debts, long outstanding loans and collaterals relating to the Bank’s loan and advances to customers in order to handle, collect loans as soon as possible;
- To trade bad debts of credit institutions and debts and assets management companies in accordance with laws and regulations;
- To provide entrusting and supervisory services based on fees and contract, to be an intermediary for trading debts;
- To trade real estates, land use rights or leasing assets; and
- To provide security services.

The Bank’s consolidated financial statements for the year ended 31 December 2018 includes the financial statements of the Bank and its subsidiaries (“the Group”).

(b) Charter capital

As at 31 December 2018 and 31 December 2017, the Bank's charter capital is VND5,319,496 million. The Bank has issued 531,949,629 ordinary shares with a par value of VND10,000 per share.

(c) Location and operation network

The Bank's Head Office is located at 170 Hai Ba Trung, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam. As at 31 December 2018, the Bank had 1 head office, 35 branches, 130 transaction offices at 34 provinces and cities nation-wide (31/12/2017: 1 head office, 35 branches, 130 transaction offices).

(d) Subsidiaries and associates

As at 31 December 2018 and 31 December 2017, the Bank had the following subsidiaries:

Entity name	Operation Licence	Nature of business	Percentage of equity owned	
			31/12/2018	31/12/2017
ABBank Asset Management One Member Company Ltd ("ABBA")	Business License No. 01040009199 was initially issued by the Department of Planning and Investment of Hanoi on 18 January 2010	Assets management	100%	100%
ABBA Security Company Limited ("ABBAS") (*)	Business License No. 0106112803 was initially issued by the Department of Planning and Investment of Hanoi on 27 February 2013	Security services	100%	100%

(*) ABBAS is indirectly owned by the Bank through ABBA.

As at 31 December 2018 and 31 December 2017, the Bank had associate as follows:

Entity name	Operation Licence	Nature of business	Percentage of equity owned	
			31/12/2018	31/12/2017
An Binh Securities Joint Stock Company ("ABS")	Establishment and Operation License No. 12/UBCK-GPHDQLQ was initially issued by State Securities Commission of Vietnam on 29 September 2006	Trading securities	0.0%	5.2%

The subsidiaries and associate are established in Vietnam.

(e) **Number of employees**

As at 31 December 2018, the Group had 4,175 employees (31/12/2017: 3,873 employees).

2. Basis of preparation

(a) **Statement of compliance**

The consolidated financial statements have been prepared 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 financial reporting. These standards and statutory requirements may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards in other countries. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group 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.

(b) **Basis of measurement**

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

(c) **Annual accounting period**

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

(d) **Accounting and presentation currency**

The Group's accounting currency is Vietnam Dong ("VND"). The consolidated financial statements are prepared and presented in VND, rounded to the nearest million ("VND million").

(e) **Form of accounting records applied**

The Group uses accounting software to record its transactions.

3. Changes in accounting policy

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 certain articles on the chart of accounts of credit institutions issued together with Decision No. 479/2004/QD-NHNN dated 29 April 2004 and the financial reporting regimes applicable to credit institutions issued together with Decision No. 16/2007/QD-NHNN dated 18 April 2007 of the Governor of the State Bank. Circular 22 is effective from 1 April 2018.

The significant changes to the Group's accounting policies as a result of the adoption of Circular 22 and the effects on the consolidated financial statements are disclosed in Note 4(b).

Circular No. 16/2018/TT-BTC

On 7 February 2018, the Ministry of Finance issued Circular No. 16/2018/TT-BTC providing guidelines for financial regimes applicable to credit institutions and foreign bank branches ("Circular 16"). Circular 16 is effective from 26 March 2018 and replaces Circular No. 05/2013/TT-BTC dated 9 January 2013 issued by the Ministry of Finance.

The significant changes to the Group's accounting policies as a result of the adoption of Circular 16 and the effects on the consolidated financial statements are disclosed in Note 4(y)(i).

4. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associate

Associate is the entity in which the Group has significant influence, but not control, over the financial and operating policies. Associate is accounted for using the equity method. Under equity method, investments in associates are initially recognised at cost. Subsequently, carrying value of investments are adjusted for the post-acquisition changes in the Group's share of the investees' net assets.

The consolidated financial statements include the Group's share of income and expenses of the associate, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of associate.

(iii) Transactions eliminated on consolidation

Intra-group transactions and balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associate are eliminated against the investment to the extent of the Group's interest in the associate. Subsidiary's financial statements are adjusted for consolidation purpose, if necessary, to align their accounting policies with those of the Bank.

(b) Foreign currency transactions

Before 1 April 2018

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the end of the accounting period, non-monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the transaction dates.

Income/expenses in foreign currencies are translated into VND at rates of exchange ruling at the transaction dates.

All foreign exchange differences are recorded in the consolidated statement of income.

From 1 April 2018

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the buying and selling spot exchange rate of that currency ("spot exchange rate") at the end of the last working day of the accounting period if the difference between the spot exchange rate and the weighted average of the buying and selling exchange rates of the last working day of the accounting period is less than 1%, in case the difference between the spot exchange rate at the end of the last working day of the accounting period and the weighted average of the buying and selling exchange rates of the last working day of the accounting period is greater than or equal to 1%, the Group will use the weighted average of the buying and selling exchange rates of the last working day of the accounting period. Non-monetary assets and liabilities denominated in currencies other than VND are translated to VND at rates of exchange on the transaction dates.

Income/expenses in foreign currencies are translated into VND at the average of buying and selling spot exchange rates ruling at the transaction dates.

All foreign exchange differences are recorded in the consolidated statement of income.

This change in accounting policy has been applied prospectively.

(c) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, balances with the SBV, deposits with and loans to other credit institutions with original term to maturity of not more than three months and investment securities which have maturity dates within three months from the purchase dates 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.

(d) Deposits with and loans to other credit institutions

Deposits with other credit institutions including demand deposits and term deposits with original term to maturity of not more than three months.

Loans to other credit institutions are loans with original term to maturity of not more than twelve months.

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

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

Credit risk classification of deposits with and loans to other credit institutions and allowance calculation thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 issued by the SBV regulating the classification of assets, credit loss allowance level, allowance calculation method and utilisation of allowance in operations of credit institutions and foreign bank branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 issued by the SBV amending and supplementing certain articles of Circular 02 ("Circular 09") with effective date of 1 June 2014. Accordingly, the Group made specific allowance for deposits with and loans to other credit institutions in accordance with the method as described in Note 4(i).

In accordance with Circular 02, the Group is not required to make general allowance for deposits with and loans to other credit institutions.

(e) Held-for-trading securities

(i) Classification and recognition

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

The Group recognises held-for-trading securities on the date it becomes a party to the contractual provisions of these securities (trade date accounting).

(ii) Measurement

Held-for-trading securities are stated at cost less allowance for losses on held-for-trading securities. Allowance for losses on held-for-trading securities includes allowance for credit losses and allowance for diminution in value.

Allowance for credit losses is made for held-for-trading debts securities which are unlisted corporate bonds. Allowance for credit losses is made in accordance with Circular 02 and Circular 09 as described in Note 4(i).

Allowance for diminution in value of securities is made when the market price of held-for-trading securities is lower than their book value.

For listed held-for-trading securities in Vietnam, the market price is the closing price of securities obtained from Ho Chi Minh City Stock Exchange or Hanoi Stock Exchange at the end of the accounting period.

For unlisted held-for-trading securities which have been registered on the unlisted public company market ("UpCom"), the market price is the closing price obtained from the UpCom at the end of the accounting period.

For unlisted held-for-trading equity securities which have been registered on the Over-The-Counter ("OTC") market, the market price is the average of transaction prices quoted by three securities companies with charter capital above VND300 billion at the end of the accounting period.

For other unlisted held-for-trading equity securities whose market prices are not available or cannot be determined reliably, they are stated at cost.

Allowance for loss on held-for-trading securities as mentioned above are reversed if there is a subsequent increase in market price or recoverable amount after the allowance being recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(iii) *Derecognition*

Held-for-trading securities are derecognised when the rights to receive cash flows from these investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(f) *Investment securities*

(i) *Classification*

Investment securities include available-for-sale securities and held-to-maturity securities. The Group classifies investment securities at the time of purchase as available-for-sale securities or held-to-maturity securities. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV, the Group is allowed to reclassify investment securities maximum once after the initial classification at the time of purchase.

Available-for-sale securities

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

Held-to-maturity securities

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

(ii) **Recognition**

The Group recognises investment securities on the date it becomes a party to the contractual provisions of these securities (trade date accounting).

(iii) **Measurement**

Equity securities

Available-for-sale equity securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs such as brokerage, transaction, information, bank charges (if any). Subsequently, these securities are stated at the lower of book value and market value with the losses being recognised in the consolidated statement of income.

The market price of listed available-for-sale equity securities is the closing price of securities obtained from Ho Chi Minh City Stock Exchange or Hanoi Stock Exchange at the end of the accounting period.

The market price of unlisted available-for-sale equity securities that have been registered on the unlisted public company market ("UpCom") is the closing price obtained from the UPCom at the end of the accounting period.

The market price of unlisted available-for-sale equity securities that have been registered on the Over-The-Counter market ("OTC") is the average of transaction prices quoted by three securities companies with charter capital above VND300 billion at the end of the accounting period.

Where market price of those securities cannot be determined, they are stated at cost.

Debt securities

Available-for-sale debt securities and held-to-maturity debt securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs such as brokerage, transaction, information, taxes, fees and bank charges. Subsequently, these securities are stated at amortised cost (subject to premium and discount amortisation) less allowance for losses on securities (including allowance for credit losses and allowance for diminution in value of securities).

Premiums and discounts arising from the purchases of available-for-sale debt securities and held-to-maturity debt securities are allocated to the consolidated statement of income on a straight-line basis since the acquisition date until the maturity date of such securities. In cases that these securities are sold prior to their maturity dates, the unallocated premiums and discounts are fully recognised in the consolidated statement of income at the date of sale.

Allowance for diminution in value of available-for-sale debt securities is made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. For listed available-for-sale debt securities and held-to-maturity debts securities, the market price is the closing price on the Hanoi Stock Exchange at the end of the accounting period. Allowance for diminution in value is made when the market price of these securities is lower than their carrying amount. In case the market price cannot be determined, the Group does not make allowance for diminution in value of securities.

Except for the case of Vietnam Debt and Asset Trading Corporation as described in Note 13, unlisted available-for-sale debt securities and held-to-maturity debt securities are recognised at cost less allowance for credit losses in accordance with the requirements of Circular 02 and Circular 09 as described in Note 4(i).

Allowance for credit losses and allowance for diminution in value of securities as mentioned above are reversed if there is a subsequent increase in the purchase price or the recoverable amount after the allowance being recognised. The allowance is reversed only to the extent that the investment's carrying amount that would have been determined if no allowance had been recognised.

Post-acquisition interest income of available-for-sale debt securities and held-to-maturity debt securities is recognised in the consolidated statement of income on an accrual basis. Pre-acquisition interest income of available-for-sale debt securities and held-to-maturity debt securities is recognised as a reduction to cost when received.

(iv) *Derecognition*

Investment securities are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

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

Special bonds issued by VAMC are definite valuable papers issued by VAMC to purchase the Group's bad debts.

The Group accounts for bad debts sold in exchange for special bonds issued by VAMC in accordance with the guidance of Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 issued by the SBV ("Official Letter 8499") and Official Letter No. 925/NHNN-TCKT dated 19 February 2014 issued by the SBV ("Official Letter 925"). These special bonds are classified as held-to-maturity securities, measured initially at par value at transaction date and subsequently at par value less allowance for losses.

In exchange of every bad debt sold to VAMC, the Group receives a corresponding special bond issued by VAMC. Par value of the special bond is equal to the carrying value of bad debts sold net of specific allowance which was made but not yet utilised.

Once completing the procedure to sell bad debts, the Group writes down their book value using specific allowance which was made but not yet utilised and derecognises interest receivables from off balance sheet account. At the same time, the Group recognises the special bonds issued by VAMC in held-to-maturity debt securities account issued by local economic entities.

For the special bonds issued by VAMC, specific allowance is calculated and made in accordance with the guidance of Circular No. 19/2013/TT-NHNN dated 6 September 2013 issued by the SBV regulating the purchase, sale and disposal of bad debts of VAMC ("Circular 19") and Circular No. 14/2015/TT-NHNN dated 28 August 2014 issued by the SBV to amend and supplement some articles of Circular 19 ("Circular 14"), Circular No. 08/2015/TT-NHNN dated 16 June 2016 issued by the SBV ("Circular 08"), Circular No. 09/2017/TT-NHNN dated 14 August 2017 issued by the SBV ("Circular 09") to amend and supplement some articles of Circular 19 and the Group derecognises them from the consol balance sheet in accordance with the guidance of Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 issued by the SBV ("Official Letter 8499") and Official Letter No. 925/NHNN-TCKT dated 19 February 2014 issued by the SBV ("Official Letter 925"). Accordingly, annually, the Group is required to make specific allowance for each special bond and make sure that during the term of the special bond and within 5 consecutive working days before the due date of special bonds, the minimum specific allowance required to be made is the positive difference between 20% of the par value of the 5-year special bonds and 10% of the par value of the 10-year special bonds minus collections from the related bad debts during the year. Allowance for special bonds is recognised in the consolidated statement of income.

(g) Long-term investments

Long-term investments are investments in the equity of entities where the Group has no control or significant influence. These long-term investments are initially stated at cost at the time of investment. Subsequent to the initial recognition, these investments are stated at cost less allowance for diminution in value.

Allowance for diminution in value is made if the investee has suffered a loss, except when the loss was anticipated in the initial business plan of the investee before the investment. Allowance for diminution in value of investments is equal to the difference between the total capital contributed by the Group and the owner's equity of the investee multiplied (x) by the Group's percentage of equity interest in the investee. Allowance for diminution in value is reversed when the investee subsequently generates profits to offset losses which has been made allowance previously. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance has been recognised.

(h) Loans and advances to customers

Short-term loans are those with repayment term within one year from the loan disbursement date; medium-term loans are those with repayment term from one year to five years from the loan disbursement date and long-term loans are those with repayment term of more than five years from the loan disbursement date.

Loans and advances to customers are stated at the amount of outstanding principal less allowance for credit losses. Allowances for credit losses on loans and advances to customers comprise the specific allowance and general allowance.

Loan classification and allowance for credit losses are made in accordance with Circular 02 and Circular 09 as described in Note 4(i).

Loans and advances to customers are derecognised when the rights to receive cash flows from the loan contracts have expired or the Group has transferred substantially all risks and rewards of ownership associated with the loans to other parties.

For debts sold to VAMC, the Group derecognises them from the consolidated balance sheet in accordance with the guidance in Official Letter 8499 and Official Letter 925 but still follows up to collect debts.

(i) **Debt classification and credit loss allowance level, allowance calculation method**

(i) ***Debt classification***

Except for the special case of investments in corporate bond issued by Shipbuilding Industry Corporation (“SBIC”) as mentioned in Note 13, debt classification for deposits with and loans to other credit institutions (except for demand deposits), unlisted corporate bonds, loans and advances to customers (together referred to as “debts”) and loans sold awaiting for settlement is made in accordance with the quantitative method as regulated in Article 10 of Circular 02.

(ii) ***Specific allowance for credit losses***

Except for the special case of investments in corporate bonds issued by SBIC as mentioned in Note 13, specific allowance for credit losses is calculated based on outstanding debt balance and results of debt classification of each customer at the last working day of each quarter in accordance with the requirements of Circular 02 and Circular 09. For the last quarter, the specific allowance is calculated based on outstanding debt balance and results of debt classification at the last working day of November. As at 31 December 2018, the Group made specific allowance for credit losses based on the outstanding debt balance and results of debt classification on the last working day of November (31 December 2017: based on the outstanding debt balance and results of debt classification on the last working day of November). The specific allowance is calculated using the following allowance rates applied to debt principals less discounted value of collateral assets:

Group		Overdue status	Allowance rate
1	Current debts	(a) Current debts being assessed as fully and timely recoverable, both principal and interest; or (b) Debts being overdue for less than 10 days and being assessed as fully recoverable, both overdue principal and interest, and fully and timely recoverable, both remaining principal and interest.	0%
2	Special mention debts	(a) Debts being overdue between 10 days and 90 days; or (b) Debts having terms of repayment rescheduled for the first time.	5%
3	Sub-standard debts	(a) Debts being overdue between 91 days and 180 days; or (b) Debts having terms of repayment extended for the first time; or (c) Debts having interest exempt or reduced because customers are not able to pay the interest according to the credit contract; or (d) Debts falling into one of the following cases which have not yet been recovered within 30 days since the date of decisions of recovery has been issued: <ul style="list-style-type: none"> ▪ Debts violating regulations at Clauses 1, 3, 4, 5, 6 of Article 126 of Laws on credit institutions; or ▪ Debts violating regulations at Clauses 1, 2, 3, 4 of Article 127 of Laws on credit institutions; or ▪ Debts violating regulations at Clauses 1, 2, 5 of Article 128 of Laws on credit institutions. (e) Debts in collection process under inspection conclusions.	20%

Group		Overdue status	Allowance rate
4	Doubtful debts	(a) Debts being overdue between 181 days and 360 days; or (b) Debts having terms of repayment rescheduled for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or (c) Debts having terms of repayment rescheduled for the second time; or (d) Debts specified in point (d) of Sub-standard debts being overdue between 30 days and 60 days after the decisions of recovery have been issued; or (e) Debts in collection process under inspection conclusions but being overdue up to 60 days according to recovery term.	50%
5	Loss debts	(a) Debts being overdue more than 360 days; or (b) Debts having terms of repayment rescheduled for the first time and being overdue more than 90 days according to the first rescheduled terms of repayment; or (c) Debts having terms of repayment rescheduled for the second time and being overdue according to the second reschedule terms of repayment; or (d) Debts having terms of repayment rescheduled for the third time or more, regardless of whether the debts are overdue or not; or (e) Debts specified in point (d) of Sub-standard debts being overdue more than 60 days after the decisions of recovery have been issued; or (f) Debts in collection process under inspection conclusions but being overdue for more than 60 days according to recovery term; or (g) Debts from credit institutions under special supervision as announced by the SBV, or debts from foreign banks' branches of which capital and assets are blockaded.	100%

The Group classified payments on behalf of off-balance sheet commitments based on number of overdue days from the date the Group committed its obligations:

- Group 3 – Sub-standard debts: if overdue less than 30 days;
- Group 4 – Doubtful debts: if overdue from 30 days to less than 90 days;
- Group 5 – Loss debts: if overdue 90 days or more.

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

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

The Group is also required to use the results of loan classification as provided by Credit Information Center ("CIC") at the date of classification to adjust the results of its internal classification of debts. Where debts and off-balance sheet commitments of one customer are classified by the Group into a group of debts with lower risk as compared to those provided by the CIC, the Group is required to reclassify such debts and off-balance sheet commitments to the group of debts as provided by the CIC.

According to Official Letter No. 5482/NHNN-TTGSNH dated 30 July 2014 issued by the SBV providing implementation guidance of Circular 02 and Circular 09, the Group is not required to use the results of loans classification as provided by the CIC for debts having terms of repayment rescheduled and maintains the debt groups within the rescheduled payment terms as stipulated in Circular 02.

The allowed value of collateral assets is determined in accordance with the following principles as set out in Circular 02:

- Collateral assets with value of VND50 billion or more for loans and advances to related parties or other parties subject to credit restriction under Article 127 of Law on Credit Institutions and collateral assets with value of VND200 billion or more must be revalued by a licensed asset valuation organisation; and
- Other than the above, collateral assets are revalued in accordance with the Group's internal policies and processes.

Allowed values of collateral assets are subject to the following caps:

Type of collateral assets	Maximum allowed ratio
(a) Customers deposits in VND	100%
(b) Gold billets, except for the types of gold specified in item (i) below; customers deposits in foreign currencies	95%
(c) Government bonds, transferable instruments, valuable papers issued by credit institutions, saving deposit certificates, certificates of deposits, bills and notes issued by credit institution or foreign bank branches: <ul style="list-style-type: none"> ▪ With a remaining term of below 1 year ▪ With a remaining term of between 1 year to 5 years ▪ With a remaining term of over 5 years 	95% 85% 80%
(d) Securities issued by other credit institutions and listed on a stock exchange	70%
(e) Securities issued by other enterprises and listed on a stock exchange	65%
(f) Unlisted securities and valuable papers, except for the types of securities specified in item (c) above, issued by credit institutions registered for listing on a stock exchange;	50%
Unlisted securities and valuable papers, except for the types of securities specified in item (c) above, issued by other credit institutions not registered for listing on a stock exchange	30%

Type of collateral assets	Maximum allowed ratio
(g) Unlisted securities and valuable papers issued by enterprises registered for listing on a stock exchange;	30%
Unlisted securities and valuable papers issued by enterprises not registered for listing on a stock exchange	10%
(h) Real estate	50%
(i) Gold billets not having quoted price, other types of gold and other collateral assets	30%

Collateral assets that do not satisfy the legal conditions as specified in Point 3, Article 12 of Circular 02 are deemed to have zero allowed value.

(iii) General allowance for credit losses

In accordance with Circular 02, a general allowance is also made at 0.75% of the total outstanding balance of debts except for deposits with and loans to other credit institutions and loans which are classified as loss debts at the last working day of each quarter, for the last quarter, a general allowance is made at 0.75% of such balance at the last working day of November. As at 31 December 2018, the Group calculated specific allowance based on outstanding balance of each customer at the last working day of November (31 December 2017: based on the outstanding balance of each customer on the last working day of November).

(iv) Writing-off bad debts

In accordance with Circular 02 and Circular 09, debts are written-off against the allowance when they 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).

Debts written-off against allowance are recorded as off-balance sheet items for following up and collection. Amounts collected from previously written-off debts, including the proceeds from sales of collaterals against those debts, are recognised in the consolidated statement of income upon receipt.

(v) Provision for off-balance sheet commitments

In accordance with Circular 02 and Circular 09, the classification of off-balance sheet commitments is conducted solely for the purpose of risk management, credit quality supervision of credit granting activities. No provision is made for off-balance sheet commitments, except where the Group has been required to made payment under the guarantee contract, in which case the payment on behalf is classified and allowance is made in accordance with accounting policy as described in Note 4(i).

(j) Derivatives financial instruments

(i) *Forward and swap currency contracts*

The Group entered into forward and swap currency contracts in order for customers to transfer, adjust or reduce currency risk, as well as to serve the business purposes of the Group.

Forward currency contracts are commitments to settle in cash which is calculated based on nominal principal amount, at a pre-determined rate on a determined date in the future. Forward currency contracts are recorded based on nominal amount at the transaction dates and are revaluated, for the purposes of preparing consolidated financial statements, using exchanges rates at the reporting date and are presented at net amount in the consolidated financial statements. Any unrealised gain/loss arising from revaluation at period-end is recognised in the foreign exchange revaluation reserve on the consolidated balance sheet at each month-end and transferred to the consolidated statement of income at the period-end; differences between the VND amount of foreign currency which are committed to buy/sell on forward rates and spot exchange rates are amortised to the consolidated statement of income on a straight-line basis over the effective terms of these contracts.

Swap currency contracts are commitments between two parties, including two spot transactions, or two forward transactions, or one spot transaction and one forward transaction. The premium or discount arising from difference between spot rates at the effective dates of these contracts and forward rates are recorded on the effective date as an asset if positive or liability if negative on the consolidated balance sheet. These differences are amortised on a straight-line basis to the consolidated statement of income over the effective term of the swap currency contracts.

(ii) *Interest rate swap contracts*

The nominal amount of one currency interest rate swap contracts is not recorded on the consolidated balance sheet. Income and expenses incurred on the nominal amount are recorded on an accrual basis.

For cross currencies interest rate swap contracts, which the nominal amounts were exchanged at the start date, the nominal amounts are recorded on the consolidated balance sheet as currency swaps commitments. Income and expenses incurred on the nominal amounts are recorded on an accrual basis.

For cross currencies interest rate swap contracts, which the nominal amounts were not exchanged at the start date, the nominal amounts are recorded on the consolidated balance sheet as currency forward commitments. Income and expenses incurred on the nominal amounts are recorded on an accrual basis.

(k) Fiduciary activities

The Group's fiduciary activities comprise of fiduciary activities at risk which are funds, entrusted investments, loans for specific purposes. The Group is obligated to repay the funds at maturity. The Group recognises funds received as an entrusted investment, together with investments or loans and advances to customers on the Group's consolidated financial statements.

(l) Debts purchase

(i) Debts purchase

Debts purchased is recognised as a debt at purchase price. Interest income is recognised in the consolidated statement of income on an accrual basis, except for interest income from debts classified from Group 2 to Group 5 as described in Note 4(i)(ii) which will be recognised upon receipt. Interest income of these debts is recognised in the consolidated statement of income when collected. Pre-acquisition interest is recognised as a decrease in the value of the debt purchase.

(ii) Allowance for purchased debts

For purchased debts with recourse, the Group makes no allowance for these debts since these debts are recouped and the seller has committed to repurchase these debts.

For purchased debts without recourse, the Group classifies them into debts groups which are not lower than those classified by the seller before selling and makes allowance in accordance with the policies as described in Note 4(i).

(m) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises of its purchase price, import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is charged to the consolidated statement of income in the year 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 tangible fixed assets beyond their 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 tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	4 - 50 years
▪ machinery equipment	3 - 20 years
▪ motor vehicles	3 - 10 years
▪ other fixed assets	3 - 25 years

(n) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments have been made;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Indefinite land use rights are stated at cost and are not amortised. Definite land use rights are stated at cost less accumulated amortisation. The initial cost of land use right comprises its purchase price and any directly attributable costs incurred in conjunction with obtaining the land use right. Amortisation is computed on a straight-line basis over 50 years.

(ii) Software

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

(o) Investment property

(i) Investment property held to earn rental

Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by the management. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property held to earn rental.

Depreciation

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

- land use right 47 years
- houses 39 – 50 years

(ii) Investment property held for capital appreciation

Investment property held for capital appreciation is stated at cost less any devaluation in market price. The carrying amount of an investment property item held for capital appreciation is reduced when there is evidence that its market price falls below its carrying amount and the loss can be measured reliably. Any reduction in value of investment property held for capital appreciation is charged to cost of sales.

(p) Other assets

Other assets other than receivables from credit activities are stated as cost less allowance for credit losses on other assets.

Allowance for credit losses on other assets are made based on the overdue status of debts or based on anticipated losses on undue debts which may occurred when an economic organisation is bankrupted or liquidated or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased. Allowance made is recognised as operating expense during the year.

For overdue debts, the Group makes allowance for credit losses using the allowance rates that are applied for overdue status in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009, specifically as follows:

Overdue status	Allowance rate
Over 6 months to below 1 year	30%
From 1 to below 2 years	50%
From 2 to below 3 years	70%
From 3 years and above	100%

Allowance for credit losses on other assets based on the expected losses of undue receivables are determined by the Group after giving consideration to the recovery of these receivables.

(q) Provisions

A provision except for provision described in Notes 4(d), 4(e), 4(f), 4(g), 4(i), 4(p) and 4(l) is recognised if, as a result of a past event, the Group 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.

Severance allowance and unemployment insurance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the year prior to the end of the accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

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

Pursuant to the Law on Social Insurance, effective from 1 January 2009, the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The unemployment insurance paid by the Group for the years of service is recorded as an expense in the consolidated statement of income when incurred.

(r) Deposits and borrowings from other credit institutions

Deposits and borrowings from other credit institutions are stated at their costs.

(s) Deposits from customers

Deposits from customers are stated at their costs.

(t) Valuable papers issued

Valuable papers issued are stated at cost. Cost of valuable papers issued includes the proceeds from the issuance less any expenses directly attributable to the issuance.

(u) Other payables

Other payables are stated at their costs.

(v) Share capital

Ordinary shares

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs are recognised as a deduction from share premium.

(w) **Reserves**

(i) **Statutory reserves of the Bank**

According to Decree No. 93/2017/ND-CP effective from 25 September 2017, the Bank is required to make the following allocations before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax of the Bank	Charter capital
Financial reserve	10% of profit after tax of the Bank	No regulated

The purpose of financial reserve is to cover losses in the course of business after such losses being compensated by organisations, or individuals causing the loss, indemnity and allowance; and to use for other purposes in accordance with laws. Statutory reserves are non-distributable and are classified as part of equity.

(ii) **Reserves of subsidiaries**

In accordance with Circular No. 27/2002/TT-BTC date 22 March 2002 issued by the Ministry of Finance, reserves of subsidiary was made in accordance with regulation applicable to the Bank as described above.

(iii) **Bonus and welfare funds**

Bonus and welfare funds are not required by laws and are fully distributable, and are used primarily to make payments to the Group's employees. Bonus and welfare funds are appropriated from the Group's profit after tax in accordance with the Annual General Shareholders Meeting Resolutions and are recognised as other liabilities.

(iv) **Other reserves**

Other reserves include the investment and development funds and other reserves appropriated from the Group's profit after tax in accordance with the Annual General Shareholders Meeting Resolutions. These reserves are not required by laws, fully distributable and classified as part of equity.

(x) **Commitments and contingent liabilities**

From time to time, the Group has outstanding commitments to extend credit. These commitments take the form of approved loans and overdraft facilities. The Group also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. The contingent liabilities and commitments may expire without being advanced in whole or in part. Therefore the amounts do not represent a firm commitment of future cash flows.

(y) **Revenue**

(i) ***Interest income***

Before 26 March 2018

Interest income are recognised in the consolidated statement of income on an accrual basis, except for the interest income from debts classified in Group 2 to Group 5 as described in Note 4(i)(ii) which will be recognised upon receipt. When a loans is classified in Group 2 to Group 5 as described in Note 4(i)(ii), its associated interest is derecognised out of balance sheet and recorded into off balance sheet items. Interest income from these overdue loans is recognised in the consolidated statement of income upon receipt.

From 26 March 2018

Interest income is recognised in the consolidated statement of income on an accrual basis, except for interest income on debts classified in Group 2 to Group 5 as described in Note 4(i)(ii) and debts classified in the current debt category as a result of implementing the State's policies which is recognised upon receipt. When a debt is classified in Group 2 to Group 5 as described in Note 4(i)(ii) or classified in the current debt category as a result of implementing the State's policies, its accrued interest income is derecognised out of balance sheet and is recorded in off-balance sheet. Interest income on such debt is recognised in the consolidated statement of income upon receipt.

This change in accounting policy as mentioned above does not affect the Group because the Group has no debt classified in the current debt category as a result of implementing the State's policies.

(ii) ***Fee and commission income***

Fee and commission income include income from the settlement services, guarantee services, treasury services and other services. Fee and commission income are recognised in the consolidated statement of income on an accrual basis.

(iii) ***Dividend income***

Dividend income in the form of cash is recognised in the consolidated statement of income when the Group's right to receive dividend payment is established.

Dividend income in the form of shares and bonus shares is not recognised as an income in the consolidated statement of income. When receiving dividend in the form of shares, the Group only records the increase in number of shares in the notes to the consolidated financial statements. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

(z) **Expenses**

(i) ***Interest expense***

Interest expense is recognised in the consolidated statement of income on an accrual basis.

(ii) Fee and commission expenses

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

(aa) Operating lease payments

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

(bb) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

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 amount of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual 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 differences 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.

(cc) Earnings per share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company, (after deducting the bonus and welfare fund appropriated during the reporting period) by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, including convertible bonds. Potential ordinary shares are considered to be diluted only when converting them into ordinary shares will reduce the earnings or increase the loss per share. If potential shares are not dilutive, the Group does not present diluted earnings per share.

(dd) Related parties

Related parties include enterprises and individuals that directly or indirectly through one or more intermediary, control, or are controlled by, or are under common control with the Bank and its subsidiary. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank and its subsidiary that give them significant influence over the Bank and its subsidiaries, key management personnel, including members of the Board of Directors, members of the Board of Management, members of Supervisory Board, and close members of the family of these individuals and entities which these individuals directly or indirectly hold significant voting right or have significant influence also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(ee) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Group classifies its financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

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

- It is classified by the Group as held-for-trading. A financial asset is classified as held-for-trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - it is a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as financial assets at fair value through profit or loss.

Held-to-maturity investments

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

- those that the Group, upon initial recognition, designates as financial assets at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Group intends to sell immediately or in the near term, which are classified as held for trading and those that the Group, on initial recognition, designates as financial assets at fair value through profit or loss ;
- that the Group, upon initial recognition, designates as available-for-sale; or
- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

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

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

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

- It is considered by the Group as held for trading. A financial liability is classified as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - it is a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as a financial liability at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial liabilities is solely for presentation and disclosure purposes and is not intended to be a description of how the financial instruments are measured. Accounting policies for measurement of financial liabilities are disclosed in other relevant notes.

(ff) Nil balances

Items or balances regulated on Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 (“Decision 16”) of the Governor of the SBV on the financial regime applicable to credit institution and Circular No. 49/2014/TT-NHNN dated 31 December 2014 (“Circular 49”) of the Governor of the SBV amending and supplementing certain chart of accounts of credit institution issued along with Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 that are not shown in these consolidated financial statements indicate nil balances.

5. Cash on hand

	31/12/2018 VND million	31/12/2017 VND million
Cash in VND	696,500	707,114
Cash in foreign currencies	163,490	166,080
	<hr/> 859,990	<hr/> 873,194

6. Balances with the State Bank of Vietnam

These consist of compulsory reserve for liquidity and demand deposits at the SBV.

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

Deposits in scope	CRR rates	
	31/12/2018	31/12/2017
Preceding month's average balances of:		
<i>Customers:</i>		
▪ Deposits in foreign currencies with term of less than 12 months	8%	8%
▪ Deposits in foreign currencies with term of 12 months and above	6%	6%
▪ Deposits in VND with term of less than 12 months	3%	3%
▪ Deposits in VND with term of 12 months and above	1%	1%
<i>Overseas credit institutions:</i>		
▪ Deposits in foreign currencies	1%	1%
	<hr/>	<hr/>
	31/12/2018 VND million	31/12/2017 VND million
Demand deposits and compulsory reserve		
▪ In VND	2,112,400	1,112,410
▪ In USD	59,331	1,423
	<hr/> 2,171,731	<hr/> 1,113,833

7. Deposits with and loans to other credit institutions

	31/12/2018 VND million	31/12/2017 VND million
Deposits with other credit institutions		
Demand deposits		
▪ In VND	159,342	195,206
▪ In foreign currencies	6,539,402	2,136,901
Term deposits		
▪ In VND	20,000	560,000
▪ In foreign currencies	-	1,815,671
	<hr/> 6,718,744	<hr/> 4,707,778
Loans to other credit institutions		
▪ In VND	2,420,138	7,714,978
▪ In foreign currencies	-	1,233,375
	<hr/> 2,420,138	<hr/> 8,948,353
	<hr/> 9,138,882	<hr/> 13,656,131

Analysis of credit quality of deposits with and loans to other credit institutions was as follows:

	31/12/2018 VND million	31/12/2017 VND million
Group 1 - Current debts	2,440,138	11,324,024

8. Held-for-trading securities

	31/12/2018 VND million	31/12/2017 VND million
Debt securities		
▪ Bond issued by domestic economic entities – unlisted	-	200,000
Allowance for losses on held-for-trading securities		
In which:		
▪ General allowance	-	(1,500)
	<hr/> -	<hr/> 198,500

9. Derivatives and other financial assets

As at 31 December 2018

	Total contract value (at foreign exchange rate at contract date) VND million	Total carrying value (at foreign exchange rate as at 31 December 2018) Assets VND million	Liabilities VND million
Currency derivatives			
▪ Forward currency contracts	1,864,489	-	(4,318)
▪ Swap currency contracts	26,538,803	112,169	-
	28,403,292	112,169	(4,318)

As at 31 December 2017

	Total contract value (at foreign exchange rate at contract date) VND million	Total carrying value (at foreign exchange rate as at 31 December 2017) Assets VND million	Liabilities VND million
Currency derivatives			
▪ Forward currency contracts	6,002,389	15,517	-
▪ Swap currency contracts	22,342,253	86,241	-
	28,344,642	101,758	-

10. Loans and advances to customers

	31/12/2018	31/12/2017
	VND million	VND million
Loans to domestic economic entities and individuals	51,648,353	47,772,801
Discounted negotiable instruments and valuable papers	368,208	10,852
Payments on behalf of customers	16,030	18,562
Loans funded by grants and entrusted funds	151,224	92,203
Loans to foreign economic entities and individuals	332	8,075
	<hr/>	<hr/>
	52,184,147	47,902,493

Loan portfolio by loan groups was as follows:

	31/12/2018	31/12/2017
	VND million	VND million
Group 1 - Current loans	50,210,955	45,973,603
Group 2 - Special mention loans	988,962	601,866
Group 3 - Sub-standard loans	142,084	172,679
Group 4 - Doubtful loans	189,921	222,058
Group 5 - Loss loans	652,225	932,287
	<hr/>	<hr/>
	52,184,147	47,902,493

Loan portfolio by terms was as follows:

	31/12/2018	31/12/2017
	VND million	VND million
Short-term loans	26,361,314	22,308,137
Medium-term loans	6,367,488	8,267,143
Long-term loans	19,455,345	17,327,213
	<hr/>	<hr/>
	52,184,147	47,902,493

Loan portfolio by industry was as follows:

	31/12/2018	31/12/2017
	VND million	VND million
Loans to economic entities		
Construction	7,355,455	6,818,557
Wholesale and retail; repair of automobiles, motorcycles, and other vehicles with engines	6,767,306	5,689,647
Electricity, gas and water supply	3,852,600	3,252,229
Manufacturing and processing	3,709,984	4,200,452
Real estates	2,699,262	2,787,212
Accommodation and restaurant services	1,043,486	705,305
Warehouse and transportation services	872,341	1,063,153
Agriculture, forestry and aquaculture	493,021	628,898
Mining exploration	362,986	70,304
Financial, banking and insurance services	291,056	855,006
Households services	224,665	15,930
Healthcare and social supports	143,351	96,952
Water supply and sewage treatment	121,392	135,607
Professional activities, science and technology	106,759	79,568
Education and training	101,999	120,915
Administrative and support services	83,582	85,812
Telecommunications	64,038	104,243
Entertainments	28,933	23,705
Others	1,355,621	1,514,331
	<hr/>	<hr/>
	29,677,837	28,247,826
	<hr/>	<hr/>
Loans to individuals	22,506,310	19,654,667
	<hr/>	<hr/>
	52,184,147	47,902,493
	<hr/>	<hr/>

Loan portfolio by type of borrowers and type of business were as follows:

	31/12/2018 VND million	31/12/2017 VND million
Individuals	22,506,310	19,654,667
Joint stock companies	15,782,417	14,703,219
Limited liability companies	10,764,617	10,859,483
State-owned companies	2,478,798	1,820,300
Foreign invested companies	472,711	475,348
Private companies	132,115	312,685
Education organisation	19,104	19,233
Co-operate economic entities	6,660	6,339
Partnerships	184	184
Others	21,231	51,035
	<hr/> 52,184,147	<hr/> 47,902,493

11. Allowance for losses on loans and advances to customers

Allowance for losses on loans and advances to customers consists of:

	31/12/2018 VND million	31/12/2017 VND million
General allowance (i)	348,736	327,168
Specific allowance (ii)	298,382	432,722
	<hr/> 647,118	<hr/> 759,890

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

	2018 VND million	2017 VND million
Opening balance	327,168	275,681
Allowance made during the year (Note 34)	21,568	51,487
	<hr/> 348,736	<hr/> 327,168

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

	2018 VND million	2017 VND million
Opening balance	432,722	310,855
Allowance made during the year (Note 34)	131,691	209,222
Allowance utilised during the year	(163,370)	(149,540)
Transfer from allowance for losses on other assets (Note 18)	-	62,185
Increase in allowance due to disposals of special bonds issued by VAMC	9,162	-
Decrease in allowance due to debts sold to VAMC	(111,823)	-
Closing balance	298,382	432,722

12. Debts purchase

	31/12/2018 VND million	31/12/2017 VND million
Debts purchase in VND	280,516	323,672
General allowance	(2,185)	(2,508)
	278,331	321,164

- (i) Movements in the general allowance for debts purchase during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	2,508	2,589
Allowance reversed during the year (Note 34)	(323)	(81)
Closing balance	2,185	2,508

- (ii) Movements in the specific allowance for debts purchase during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	-	18,500
Allowance reversed during the year (Note 34)	-	(18,500)
	-	-

13. Investment securities

	31/12/2018 VND million	31/12/2017 VND million
Available-for-sale investment securities		
<i>Debt securities</i>		
▪ Government bonds	13,106,023	11,998,799
▪ Bonds issued by other domestic credit institutions – unlisted	1,461,588	2,254,024
▪ Bonds issued by other domestic economic entities – unlisted	3,850,103	1,230,500
<i>Equity securities</i>		
▪ Shares issued by domestic economic entities – unlisted	2,400	49,200
	<hr/> 18,420,114	<hr/> 15,532,523
 Allowance for available-for-sale investment securities		
In which:		
▪ General allowance (i)	(5,869)	(9,229)
▪ Specific allowance (ii)	(2,400)	(29,464)
	<hr/> (8,269)	<hr/> (38,693)
	<hr/> 18,411,845	<hr/> 15,493,830
 Held-to-maturity investment securities (excluding special bonds issued by VAMC)		
<i>Debt securities</i>		
▪ Government bonds	50,000	80,000
▪ Ho Chi Minh City municipal bonds	223,984	194,330
▪ Bonds issued by other domestic economic entities – unlisted (*)	1,010,389	610,000
	<hr/> 1,284,373	<hr/> 884,330
 Allowance for held-to-maturity investment securities		
In which:		
▪ General allowance (iii)	(6,450)	(3,450)
▪ Specific allowance (iv)	(20,500)	(790)
	<hr/> (26,950)	<hr/> (4,240)
	<hr/> 1,257,423	<hr/> 880,090

	31/12/2018 VND million	31/12/2017 VND million
Special bonds issued by VAMC (v)		
▪ Par value of special bonds	2,386,127	2,010,504
▪ Allowance for special bonds	(904,209)	(1,079,949)
	<hr/> 1,481,918	<hr/> 930,555
	<hr/> 21,151,186	<hr/> 17,304,475

Included in available-for-sale investment securities and held-to-maturity investment securities as at 31 December 2018 were VND3,850,103 million and VND600,389 million of investment securities secured by real estate, movable assets, securities and guarantee letters, respectively (31/12/2017: VND1,230,500 million available-for-sale investment securities and VND610,000 million of held-to-maturity investment securities).

As at 31 December 2018, included in the balance of available-for-sale securities are government bonds with a total par value of VND5,525,447 million which are pledged for valuable papers discounted or rediscounted loans at the State Bank of Vietnam (see Note 19).

Analysis of credit quality of investment securities exposed to credit risks:

	31/12/2018 VND million	31/12/2017 VND million
Current loans	5,912,080	3,955,524
Special mention debts	410,000	-
Doubtful debts	-	139,000
Loss loans	2,386,127	2,010,504

(*) Include in the balance of bonds issued by other domestic economic entities – unlisted were VND150,000 million of bonds issued by Vietnam Debt and Asset Trading Corporation (“DATC”) arising from the exchange of VND150,000 million of bonds issued by Shipbuilding Industry Corporation (“SBIC”). These bonds have 10 years term and were guaranteed by the Government in 2013 and bore a fixed interest rate of 8.9% per annum. Coupon interest is receivable at maturity date.

(i) Movements of general allowance of available-for-sale investment securities during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	9,229	5,775
Allowance made during the year (Note 30)	3,570	4,875
Allowance reversed during the year (Note 30)	(6,930)	(1,421)
Closing balance	<hr/> 5,869	<hr/> 9,229

- (ii) Movements of allowance for diminution in value of available-for-sale investment securities during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	29,464	2,400
Allowance made during the year (Note 30)	-	27,064
Allowance reversed during the year (Note 30)	(27,064)	-
Closing balance	2,400	29,464

- (iii) Movements of general allowance of held-to-maturity investment securities during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	3,450	6,218
Allowance made during the year (Note 30)	3,375	-
Allowance reversed during the year (Note 30)	(375)	(2,768)
Closing balance	6,450	3,450

- (iv) Movements of specific allowance of held-to-maturity investment securities during the year were as follow:

	2018 VND million	2017 VND million
Opening balance	790	-
Allowance made during the year (Note 30)	20,500	790
Allowance reversed during the year (Note 30)	(790)	-
Closing balance	20,500	790

- (v) These represented special bonds issued by VAMC in order to buy the Group's bad debts with total principal amount of VND2,815,651 million. Up to the transaction date, the Group has made specific allowance for losses on these loans of VND429,524 million.

Movements of allowance for special bonds issued by VAMC during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	1,079,949	819,986
Allowance made during the year (Note 34)	276,432	285,527
Allowance reversed during the year (Note 34)	(114,896)	(24,507)
Allowance utilised during the year	(337,276)	(1,057)
Closing balance	904,209	1,079,949

14. Long-term investments

	31/12/2018 VND million	31/12/2017 VND million
Investment in an associate (i)	-	44,929
Other long-term investments (ii)	268,791	268,791
	<hr/> 268,791	<hr/> 313,720
Allowance for diminution in the value of long-term investments (ii)	-	(401)
	<hr/> 268,791	<hr/> 313,319

(i) Investment in an associate

Name	31/12/2018			31/12/2017		
	Cost VND million	Carrying value VND million	% Equity holding	Cost VND million	Carrying value VND million	% Equity holding
An Binh Securities Joint Stock Company	-	-	-	41,905	44,929	5.2%

Movements of investment in an associate during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	44,929	45,065
Share of profit during the year using equity method	-	401
Dividend received	-	(537)
Disposals	(44,929)	-
	<hr/> -	<hr/> 44,929

(ii) Other long-term investments

	31/12/2018 VND million	31/12/2017 VND million
Investment in domestic economic entities		
▪ Unlisted	268,791	268,791

Details of other long-term investments include:

	31/12/2018					31/12/2017				
	Quantity	Equity holding %	Cost VND million	Allowance for diminution in value VND million	Fair value	Quantity	Equity holding %	Cost VND million	Allowance for diminution in value VND million	Fair value
Investment in other entities										
EVN Finance Joint Stock Company	21,000,000	8.40%	210,000	-	(*)	21,000,000	8.40%	210,000	-	(*)
EVN International Joint Stock Company	3,780,000	10.31%	37,800	-	(*)	3,780,000	10.31%	37,800	-	(*)
PC3 - Investment Joint Stock Company	1,565,928	5.17%	15,057	-	(*)	1,565,928	5.17%	15,057	-	(*)
Vietnam Credit Information Joint Stock Company (formerly known as “PCB Investment Joint Stock Company”)	393,404	3.28%	3,934	-	(*)	393,404	3.28%	3,934	(401)	(*)
National Payment Corporation of Vietnam (formerly known as “Vietnam National Financial Switching”)	260,000	0.83%	2,000	-	(*)	260,000	0.83%	2,000	-	(*)
			<u>268,791</u>	<u>-</u>				<u>268,791</u>	<u>(401)</u>	

(*) The Group has not determined fair values of these investments for disclosure in the consolidated financial statements because their market prices are not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institution stipulated by the State Bank of Vietnam. The fair values of these financial investments may differ from their carrying amounts.

Movements of allowance for diminution in the value of other long-term investments during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	401	2,207
Allowance reversed during the year (Note 33)	(401)	(1,806)
Closing balance	<u>-</u>	<u>401</u>

15. Tangible fixed assets

Year ended 31 December 2018

	Building and structures VND million	Machinery equipment VND million	Motor vehicles VND million	Other fixed assets VND million	Total VND million
Cost					
Opening balance	440,806	344,095	150,292	4,181	939,374
Purchase during the year	16,064	40,168	6,156	458	62,846
Transfer from construction in progress	10,597	-	-	-	10,597
Disposals	(165)	(1,541)	-	-	(1,706)
Closing balance	467,302	382,722	156,448	4,639	1,011,111
Accumulated depreciation					
Opening balance	68,655	224,127	95,974	2,666	391,422
Charge for the year	9,158	35,162	11,506	473	56,299
Disposals	(96)	(1,526)	-	-	(1,622)
Closing balance	77,717	257,763	107,480	3,139	446,099
Net book value					
Opening balance	372,151	119,968	54,318	1,515	547,952
Closing balance	389,585	124,959	48,968	1,500	565,012

15. Tangible fixed assets (continued)

Year ended 31 December 2017

	Building and structures VND million	Machinery equipment VND million	Motor vehicles VND million	Other fixed assets VND million	Total VND million
Cost					
Opening balance	413,418	319,579	134,985	3,330	871,312
Purchase during the year	30,290	23,413	15,775	1,013	70,491
Reclassifications	(1,477)	1,444	-	33	-
Disposals	(1,425)	(341)	(468)	(195)	(2,429)
Closing balance	440,806	344,095	150,292	4,181	939,374
Accumulated depreciation					
Opening balance	61,794	187,674	83,861	2,421	335,750
Charge for the year	8,890	35,689	12,578	386	57,543
Reclassifications	(1,076)	1,051	-	25	-
Disposals	(953)	(287)	(465)	(166)	(1,871)
Closing balance	68,655	224,127	95,974	2,666	391,422
Net book value					
Opening balance	351,624	131,905	51,124	909	535,562
Closing balance	372,151	119,968	54,318	1,515	547,952

As at 31 December 2018, included in cost of tangible fixed assets were assets costing VND128,365 million (31/12/2017: VND73,589 million) which were fully depreciated but which are still in use.

16. Intangible fixed assets

Year ended 31 December 2018	Land use rights VND million	Software VND million	Others VND million	Total VND million
Cost				
Opening balance	220,023	223,878	878	444,779
Additions	75,375	6,676	-	82,051
Transfer from construction in progress	-	71,989	-	71,989
Closing balance	295,398	302,543	878	598,819
Accumulated amortisation				
Opening balance	2,149	170,083	878	173,110
Charge for the year	480	20,137	-	20,617
Closing balance	2,629	190,220	878	193,727
Net book value				
Opening balance	217,874	53,795	-	271,669
Closing balance	292,769	112,323	-	405,092

16. Intangible fixed assets (continued)

Year ended 31 December 2017	Land use rights VND million	Software VND million	Others VND million	Total VND million
Cost				
Opening balance	240,663	203,578	878	445,119
Additions	-	20,300	-	20,300
Disposals	(20,640)	-	-	(20,640)
Closing balance	220,023	223,878	878	444,779
Accumulated amortisation				
Opening balance	1,671	148,312	878	150,861
Charge for the year	478	21,771	-	22,249
Closing balance	2,149	170,083	878	173,110
Net book value				
Opening balance	238,992	55,266	-	294,258
Closing balance	217,874	53,795	-	271,669

As at 31 December 2018, included in cost of intangible fixed assets were assets costing VND94,659 million (31/12/2017: VND67,424 million) which were fully amortised but which are still in use.

17. Investment property

	31/12/2018 VND million	31/12/2017 VND million
Investment property held to earn rental (a)	-	26,112
Investment property held for capital appreciation (b)	72,473	72,473
	<u>72,473</u>	<u>98,585</u>

(a) Investment property held to earn rental

	2018 VND million	2017 VND million
Cost		
Opening balance	28,423	30,745
Disposals	(28,423)	(2,322)
Closing balance	<u>-</u>	<u>28,423</u>
Accumulated depreciation		
Opening balance	2,311	1,674
Charge for the year	-	741
Disposals	(2,311)	(104)
Closing balance	<u>-</u>	<u>2,311</u>
Net book value		
Opening balance	26,112	29,071
Closing balance	<u>-</u>	<u>26,112</u>

(b) Investment property held for capital appreciation

	Land use rights VND million	Building and structures VND million	Total VND million
Opening balance/closing balance	21,605	50,868	72,473

As at 31 December 2018 and 31 December 2017, the fair value of investment property held for capital appreciation has not been determined as the Group did not perform fair value determination. Fair value of investment property held for capital appreciation can be different from its book value.

18. Other assets

	31/12/2018 VND million	31/12/2017 VND million
Receivables		
▪ Receivables from debts sold (i)	1,359,737	704,987
▪ Receivables related to insurance services	188,443	31,101
▪ Deposits	108,333	77,816
▪ Advances for operating activities	48,779	49,910
▪ Receivables from card transactions	47,146	3,000
▪ Receivables from sales of securities (ii)	35,855	35,855
▪ Interest receivables from Van Loi's bond (iii)	30,164	30,164
▪ Receivables from transfer of shares held in An Hoa Paper Joint Stock Company	23,829	-
▪ Purchase of fixed assets	17,455	34,926
▪ Receivables of bond interest in maturity	17,321	-
▪ Receivables from An Binh Land Real Estate Joint Stock Company ("ABLand") (iv)	13,245	13,245
▪ Receivables from bad debts sold to VAMC	-	13,245
▪ Deposit for acquiring shares of Vien Dong Pharmaceutical Joint Stock Company ("DVD") (v)	5,225	5,225
▪ Construction in progress – EVN Tay Nguyen	3,333	3,333
▪ Dividend receivable from EVN Finance Joint Stock Company	-	10,500
▪ Other receivables	91,037	92,898
	<hr/>	<hr/>
	1,989,902	1,106,205
Interest and fee receivables	1,004,753	1,147,807
Other assets		
▪ Prepaid expenses (vi)	305,229	243,045
▪ Entrusted funds (vii)	270,000	180,000
▪ Foreclosed assets of which ownership transferred to the Bank	19,000	33,462
▪ Materials and tools	609	684
▪ Other assets	15,007	19,905
	<hr/>	<hr/>
	609,845	477,096
Allowance for losses on other assets (viii)	(162,977)	(171,222)
	<hr/>	<hr/>
	3,441,523	2,559,886

- (i) The balance as at 31 December 2018 related to debts sold to Hoang Cau Investment and Infrastructure Construction Joint Stock Company and TBIC Joint Stock Company. At the time of transfer, the debts were classified by the Bank at Group 1. These receivables will be settled on an installment basis under contractual agreements.
- (ii) The receivable from sales of securities to Ha Noi Export-Import Joint Stock Company ("Geleximco"), a shareholder, under Contract No. 1412/HDCN.09 dated 14 December 2009 and Contract No. 2112/HDCN.09 dated 21 December 2009. The Group made full allowance for this receivable.
- (iii) This represented accrued interest receivable on bonds issued by Van Loi Limited Company ("Van Loi") which was matured on 30 July 2011. The bond principal was fully paid by the guarantee bank according to guarantee agreement between Van Loi and the guarantee bank. The Group made full allowance for the overdue accrued interest in accordance with Circular 228/2009/TT-BTC ("Circular 228").
- (iv) This represented a loan to ABLand to rent a building located at No. 65-65A, 3/2 Street, Ho Chi Minh City as their Head Office. This loan is interest free and has no fixed maturity date. The Group made 100% allowance for this loan in accordance with Circular 228.
- (v) This represented the deposit to purchase shares of DVD which the Group transferred to ABS on the second issuance of DVD's share in 2010 but was not successful. As at 31 December 2018, ABS has not refunded this amount to the Group and the Group has therefore made full allowance for this deposit in accordance with Circular 228.
- (vi) Prepaid expense as at 31 December 2018 included:

	2018	2017
	VND million	VND million
Prepaid office rental expense	66,648	82,563
Prepaid interest expenses relating to interest rate swap contracts	62,245	-
Arrangement fee for borrowings from International Finance Corporation ("IFC")	23,241	37,318
Arrangement fee for borrowings from DEG and Norfund	9,559	-
Prepaid interest expenses for deposit from customers	18,873	-
Others	124,663	123,164
	305,229	243,045

- (vii) Entrusted fund related to:

	31/12/2018	31/12/2017
	VND million	VND million
Capital contribution investment with Geleximco (*)	50,000	50,000
Capital contribution investment with Tan Hoang Cau Joint Stock Company (**)	200,000	130,000
Capital contribution investment with An Binh Securities Joint Stock Company (***)	20,000	-
	270,000	180,000

(*) This is capital contribution investment with Geleximco to exploit and build Block C of Le Trong Tan Urban Area. In 2018, the Group earned annual interest rate of 8% (2017: 8% - 9%). This investment will be due on 11 September 2020.

(**) This is capital contribution investment with Tan Hoang Cau Joint Stock Company to build the commercial and service center and office building at 36 Hoang Cau Street, Hanoi. In 2018, the Group earned annual interest rate of 10% (2017: 9% - 10%).

As at 18 December 2018, the Group and Tan Hoang Cau Joint Stock Company signed an appendix to the contract on capital contribution investment to contribute an additional amount of VND70 billion for the same purpose as above and earned annual interest rate of 10% from 21 December 2018 to 28 June 2019. Interest rates are adjusted on 28 December and 28 June every year. This investment will be due on 18 December 2021.

(***) As at 1 March 2018, the Group signed a business cooperation contract with An Binh Securities Joint Stock Company to provide and implement products and services according to the functions and duties of securities companies. The Company earned profit rate of 9.5% per annum. The business cooperation contract will be due on 4 March 2019.

(viii) Movements of allowance for other assets during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	171,222	155,897
Allowance made during the year (Note 33)	610	89,868
Allowance reversed during the year (Note 34)	-	(10,365)
Transfers to allowance to loans and advance to customers (Note 11)	-	(62,185)
Other allowance reversed during the year (Note 30 and 33)	(8,105)	(1,993)
Allowance utilised during the year	(750)	-
Closing balance	162,977	171,222

19. Borrowings from the State Bank of Vietnam

	31/12/2018 VND million	31/12/2017 VND million
Borrowings from the State Bank of Vietnam		
Discount, rediscount of valuable papers	6,753,044	-

These borrowings were pledged by Government bonds with a total par value of VND5,525,447 million at the State Bank of Vietnam (31/12/2017: Nil) (see Note 13).

20. Deposits and borrowings from other credit institutions

	31/12/2018 VND million	31/12/2017 VND million
Deposits from other credit institutions		
Demand deposits		
▪ In VND	146,685	187,826
▪ In foreign currencies	1,784	5,661
Term deposits		
▪ In VND	2,093,000	8,229,300
▪ In foreign currencies	1,996,060	87,458
	<hr/> 4,237,529	<hr/> 8,510,245
Borrowings from other credit institutions		
▪ In VND	2,483,718	5,718,693
▪ In foreign currencies	2,622,730	2,601,300
	<hr/> 5,106,448	<hr/> 8,319,993
	<hr/> 9,343,977	<hr/> 16,830,238

21. Deposits from customers

	31/12/2018 VND million	31/12/2017 VND million
Demand deposits		
▪ In VND	10,912,807	11,943,696
▪ In foreign currencies	429,632	235,805
Term deposits		
▪ In VND	49,521,445	43,915,754
▪ In foreign currencies	839,098	1,232,287
Specialised capital deposits		
▪ In VND	43,912	90,808
▪ In foreign currencies	4,302	34
Marginal deposits		
▪ In VND	407,149	335,076
▪ In foreign currencies	101,539	144,420
	<hr/>	<hr/>
	62,259,884	57,897,880
	<hr/>	<hr/>

Deposits from customers by type of customers and type of businesses were as follows:

	31/12/2018 VND million	31/12/2017 VND million
Deposits from economic entities	27,504,997	27,105,693
Joint stock companies, limited liability companies, private companies	15,164,001	14,323,261
State-owned companies	11,818,344	12,377,016
100% foreign owned companies	522,652	405,416
Deposits from individuals	30,624,249	29,767,526
Others	4,130,638	1,024,661
	<hr/>	<hr/>
	62,259,884	57,897,880
	<hr/>	<hr/>

22. Valuable papers issued

	31/12/2018 VND million	31/12/2017 VND million
Normal bonds		
▪ 2 years	200,000	200,000
▪ 3 years	1,270,000	1,270,000
▪ More than 5 years	400,000	400,000
Certificates of deposit		
▪ 1.5 years	12,048	34,730
▪ 2 years	39,950	39,950
▪ 3 years	15,110	15,110
▪ 5 years	5,930	5,930
	<hr/>	<hr/>
	1,943,038	1,965,720
	<hr/>	<hr/>

23. Grants and entrusted funds received

	31/12/2018 VND million	31/12/2017 VND million
Grants and entrusted funds received in VND (*)	223,590	286,337
Grants and entrusted funds received in foreign currencies (**)	928,400	-
	<hr/>	<hr/>
	1,151,990	286,337
	<hr/>	<hr/>

(*) The balance in VND represents funds received from the SBV to lend to enterprises to fund their capital expenditure. These funds have terms ranging from 29 months to 120 months and bore annual interest rate at 4.97% (2017: 4.92%).

(**) The balance in foreign currencies represented the funds received from two organisations, DEG - Deutsche Investitions - und Entwicklungsgesellschaft mbH (under the German Rehabilitation Bank) and Norfund - The Norwegian Investment Fund for Developing Countries with the aim of providing loans to small and medium enterprises owned by women entrepreneurs. The loans have original maturity of 60 months and bear annual interest rate of 5.9%.

24. Other liabilities

	31/12/2018	31/12/2017
	VND million	VND million
Internal payables		
▪ Payables to employees	132,689	153,331
▪ Bonus and welfare funds	7,684	1,894
Payables to other parties		
▪ Advances from an insurance company	-	74,222
▪ Deposits received for purchase of foreclosed assets	18,000	-
▪ Payables to customers	41,930	36,416
▪ Payables awaiting for settlement	50,333	24,816
▪ Corporate income tax (Note 39)	54,600	19,384
▪ Cash held on behalf of customers	4,027	9,494
▪ Other taxes (Note 39)	3,764	5,175
▪ Value added tax (Note 39)	20,156	3,234
▪ Receipts from debts sold	75,947	2,506
▪ Unearned revenue	107,773	35
▪ Dividend payables	1,026	1,026
▪ Debt arrears related to a case	78,126	-
▪ Other payables	15,284	33,993
	<hr/>	<hr/>
	611,339	365,526
	<hr/>	<hr/>

Movements of bonus and welfare funds during the year were as follows:

	2018	2017
	VND million	VND million
Opening balance	1,894	2,980
Appropriation during the year	19,576	10,569
Amount utilised during the year	(13,786)	(11,655)
	<hr/>	<hr/>
Closing balance	7,684	1,894
	<hr/>	<hr/>

25. Capital and reserves

(a) Statement of changes in equity

	Charter capital VND million	Capital for construction in progress and purchase of fixed assets VND million	Reserve to supplement charter capital VND million	Financial reserve VND million	Investment and development fund VND million	Other reserves VND million	Foreign exchange differences VND million	Retained profits VND million	Total VND million
Balance at 1 January 2018	5,319,496	994	51,420	282,808	17,294	18,755	427,822	6,118,589	5,319,496
Net profit for the year	-	-	-	-	-	-	714,907	714,907	-
Appropriation to reserves	-	-	36,714	70,989	2,035	152	(109,890)	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	-	(19,576)	(19,576)	-
Unearned revenue in prior years	-	-	-	-	-	-	67,475	67,475	-
Arreared corporate income tax	-	-	-	-	-	-	(12,654)	(12,654)	-
Other increase	-	-	-	-	-	-	4	4	-
Balance at 31 December 2018	5,319,496	994	88,134	353,797	19,329	18,907	1,068,088	6,868,745	5,319,496
Balance at 1 January 2017	5,319,496	994	25,201	233,982	14,423	18,459	229,907	5,842,462	5,319,496
Net profit for the year	-	-	-	-	-	-	488,836	488,836	-
Appropriation to reserves	-	-	26,219	48,826	2,871	296	(78,212)	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	-	(10,569)	(10,569)	-
Distribution of dividends	-	-	-	-	-	-	(202,140)	(202,140)	-
Balance at 31 December 2017	5,319,496	994	51,420	282,808	17,294	18,755	427,822	6,118,589	5,319,496

(b) Details of share capital of the Bank

	31/12/2018		31/12/2017	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	531,949,629	5,319,496	531,949,629	5,319,496
Issued share capital/numbers of shares issued to the public				
Ordinary shares	531,949,629	5,319,496	531,949,629	5,319,496
Shares in circulation				
Ordinary shares	531,949,629	5,319,496	531,949,629	5,319,496

All ordinary shares of the Bank have a par value of VND10,000. Each share is entitled to one vote at shareholders' meetings of the Bank. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Bank's residual assets. In respect of shares bought back by the Bank, all rights are suspended until those shares are reissued.

(c) Details of share capital of the Bank

	31/12/2018			31/12/2017		
	Number of shares	Value VND million	% equity holding	Number of shares	Value VND million	% equity holding
Malayan Banking Berhad	106,389,926	1,063,920	20.00%	106,389,926	1,063,920	20.00%
Ha Noi Export-Import Joint Stock Company ("Geleximco")	69,100,257	691,084	12.99%	69,100,257	691,084	12.99%
International Finance Corporation ("IFC")	53,194,963	532,174	10.00%	53,194,963	532,174	10.00%
Other shareholders	303,264,483	3,032,318	57.01%	303,264,483	3,032,318	57.01%
	531,949,629	5,319,496	100.00%	531,949,629	5,319,496	100.00%

26. Dividends

In 2018, the Group did not resolve to distribute dividends from retained profits up to 2017 (year ended 31 December 2017: VND202,140 million).

27. Net interest and similar income

	2018 VND million	2017 VND million
Interest and similar income		
Interest income from loans and advances to customers and loans to other credit institutions	4,428,300	4,209,103
Interest income from investments debt securities	855,523	904,778
Income from guarantee services	96,323	135,105
Interest income from deposits with other credit institutions	95,171	136,824
Other income from credit activities	2,758	4,377
	<hr/> 5,478,075	<hr/> 5,390,187
Interest and similar expenses		
Interest expense on deposits from customers and deposits from other credit institutions	(3,035,326)	(2,834,062)
Interest expense on borrowings from other credit institutions	(252,049)	(264,524)
Interest expense on bonds issued and certificates of deposits	(152,174)	(100,628)
Other expenses on credit activities	(26)	(9,134)
	<hr/> (3,439,575)	<hr/> (3,208,348)
Net interest and similar income	<hr/> 2,038,500	<hr/> 2,181,839

28. Net fee and commission income

	2018 VND million	2017 VND million
Fee and commission income		
▪ Commissions and upfront fees obtained from bancassurance contract	185,207	55,042
▪ Settlement services	120,132	111,658
▪ Early repayment fees	92,266	84,007
▪ Card service fees	29,928	27,406
▪ Credit grant commitment fees	8,088	7,405
▪ Entrusted and agency activities	7,223	1,085
▪ Treasury services	4,886	4,562
▪ Consultancy services	3,006	323
▪ Other services	17,050	9,782
	<hr/> 467,786	<hr/> 301,270
Fee and commission expenses		
▪ Postal fees for telecommunication network	(22,565)	(19,867)
▪ Settlement services	(21,738)	(9,214)
▪ Treasury services	(19,935)	(16,506)
▪ Payment expenses through intermediary system	(17,510)	(15,372)
▪ Entrusted and agency activities	(2,151)	(767)
▪ Consultancy services	(1,965)	(10,323)
▪ Brokerage commission expenses	(3,530)	(6,591)
▪ Others	(44,573)	(36,334)
	<hr/> (133,967)	<hr/> (114,974)
Net fee and commission income	<hr/> 333,819	<hr/> 186,296

29. Net gain from trading of foreign currencies

	2018 VND million	2017 VND million
Gains from trading of foreign currencies		
▪ Spots contracts	249,126	315,161
▪ Other derivatives	249,119	223,222
	<hr/> 498,245	<hr/> 538,383
Losses on trading of foreign currencies		
▪ Spots contracts	(87,251)	(281,033)
▪ Other derivatives	(214,819)	(153,464)
	<hr/> (302,070)	<hr/> (434,497)
Net gain from trading of foreign currencies	<hr/> 196,175	<hr/> 103,886

30. Net gain from trading of investment securities

	2018 VND million	2017 VND million
Gains from trading of investment securities	379,048	237,295
Losses from trading of investment securities	(14,684)	(13,840)
Gains from trading of held-for-trading securities	7,008	3,049
Reversal of allowance for losses on investment securities (Note 13)	35,159	4,189
Allowance for losses on investment securities (Note 13)	(27,445)	(32,729)
Reversal of allowance for losses on other securities (Note 18(viii))	-	1,993
Reversal of allowance/(allowance made) for losses on held-for-trading securities	1,500	(1,500)
	380,586	198,457

31. Net other (expenses)/income

	2018 VND million	2017 VND million
Other income		
▪ Collection of debts purchase	893	-
▪ Collection of bad debts previously written-off	17,729	12,032
▪ Proceed from disposals of fixed assets	16	31
▪ Proceed from disposals of investment property	29,000	1,564
▪ Reversal of allowance for advances for operating activities (Note 18(viii))	3,315	-
▪ Others	20,531	23,270
	71,484	36,897
Other expenses		
▪ Loss from interest rate swaps	(6,292)	(3,163)
▪ Loss from disposals of fixed assets	-	(199)
▪ Loss from disposals of investment property	(26,112)	(2,218)
▪ Expenses on collection of debts sold to VAMC	(2,624)	(102)
▪ Expense for social activities	(4,241)	-
▪ Loss from disposals of long-term investments	(45,598)	-
▪ Others	(24,904)	(7,781)
	(109,771)	(13,463)
Net other (expense)/income	(38,287)	23,434

32. Income from capital contribution, share purchases

	2018 VND million	2017 VND million
Dividend income/share profit received during the year from:		
▪ Dividend income	-	356
▪ Share of profit from an associate using equity method	-	401
▪ Long-term investments	2,086	11,623
	2,086	12,380

33. Operating expenses

	2018 VND million	2017 VND million
1. Salaries and related expenses	795,374	732,587
In which:		
▪ Salaries and allowances	687,403	637,306
▪ Salary related contributions	63,265	44,061
▪ Meal allowance	33,065	27,336
▪ Other expenses	11,641	23,884
2. Expenses on assets	376,903	356,695
In which:		
▪ Rental expenses	174,294	169,064
▪ Depreciation and amortisation expenses	76,916	79,792
▪ Maintenance and repair expenses	91,001	75,993
▪ Tools and supplies	29,536	26,936
▪ Assets insurance expenses	5,156	4,910
3. Administration expenses	498,155	513,786
In which:		
▪ Advertisement, marketing and promotion expenses	56,882	42,928
▪ Insurance for customer deposits	43,541	37,617
▪ Meeting and conference expenses	230,032	204,524
▪ Utilities expenses	344	125
▪ Materials and printing expenses	34,488	33,287
▪ Travelling expenses	24,642	26,523
▪ Postage and telecommunication expenses	17,773	16,268
▪ Education and training expenses	10,094	11,341
▪ Other taxes and fees	1,728	1,954
▪ Audit and inspection expenses	1,247	2,400
▪ Trade union fees	17,206	14,882
▪ Fire prevention and fire fighting expenses	276	274
▪ Others	64,483	33,601
▪ Allowance for diminution in the value of other long-term investments and allowance for losses on other assets (Note 18(viii) and 14)	(4,581)	88,062
	1,670,432	1,603,068

34. Allowance expenses for credit losses

	2018 VND million	2017 VND million
General allowance for loans and advances to customers (Note 11(i))	21,568	51,487
Specific allowance for loans and advances to customers (Note 11(ii))	131,691	209,222
Allowance for special bonds (Note 13(v))	276,432	285,527
Reversal of allowance for special bonds (Note 13(v))	(114,896)	(24,507)
Reversal of general allowance for debts purchase (Note 12)	(323)	(81)
Reversal of specific allowance for debts purchase (Note 12)	-	(18,500)
Reversal of allowance for doubtful debts (Note 18(viii))	-	(10,365)
	314,472	492,783

35. Income tax

(a) Recognised in the consolidated statement of income

	2018 VND million	2017 VND million
Current tax expense		
Current year	189,973	121,605
Under provision in prior years	23,095	-
	213,068	121,605

(b) Reconciliation of effective tax rate

	2018 VND million	2017 VND million
1. Profit before tax	927,975	610,441
Adjustments for:		
Deduction of tax exempt income		
▪ Dividend income and reversal of allowance for losses on other assets	(7,208)	(11,980)
▪ Share of profit from an associate using equity method	-	(401)
Less taxable reversal expenses in prior year	(12,381)	-
Taxable income of current year but was calculated income tax expenses in previous year	-	(413)
Plus non-deductible expenses	41,477	10,379
	949,863	608,026
2. Taxable income		
3. Income tax expense calculated on current taxable income	189,973	121,605
Adjust income tax expense of prior years to current income tax expense of current year	23,095	-
	213,068	121,605
4. Total current income tax expense		

(c) **Applicable tax rates**

The Group has an obligation to pay the government income tax at the rate of 20% of taxable profits. The computation of income tax depends on the inspection and approval of the tax authorities.

36. Earning per share

(a) **Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2018 was based on profit attributable to ordinary shareholders of VND695,331 million (31/12/2017: VND478,267 million) and weighted average number of ordinary shares outstanding of 531,949,629 shares (31/12/2017: 531,949,629 shares), calculated as follows:

(i) **Net profit attributable to ordinary shareholders**

	2018 VND million	2017 VND million
Net profit for the year	714,907	488,836
Appropriation to bonus and welfare funds	(19,576)	(10,569)
Net profit attributable to ordinary shareholders	695,331	478,267

(ii) **Weighted average number of ordinary shares**

	2018	2017
Weighted average number of ordinary shares	531,949,629	531,949,629

(iii) **Basic earnings per share**

	2018 VND	2017 VND
Basic earnings per share	1,307	899

(b) **Diluted earning per share**

As at 31 December 2018 and 31 December 2017, the Group did not have any potential dilutive ordinary shares. Accordingly, the presentation requirement of diluted earnings per share is not applied.

37. Cash and cash equivalents

	31/12/2018 VND million	31/12/2017 VND million
Cash on hand	859,990	873,194
Balances with the SBV	2,171,731	1,113,833
Demand deposits with other credit institutions	6,698,744	2,332,107
Deposits with and loans to other credit institutions with original terms to maturity of not more than three months	1,560,138	8,886,760
Cash and cash equivalents in the consolidated statement of cash flows	11,290,603	13,205,894

38. Employees' benefits

	2018 VND million	2017 VND million
Total number of employees as at 31 December (people)	4,175	3,879
Total average number of employees during the year (people)	4,043	3,753
Employees' remuneration		
Salary (VND million) (1)	526,406	462,472
Bonus (VND million) (2)	160,997	174,834
Other income (VND million) (3)	44,706	63,977
Total income (1+2+3)	732,109	701,283
Average monthly salary/employee (VND million)	11	10
Average monthly income/employee (VND million)	15	16

39. Obligation to the State Treasury

Year ended 31 December 2018	Opening balance VND million	Movements during the year		Closing balance VND million
		Incurred VND million	Paid VND million	
Corporate income tax	19,384	225,722	(190,506)	54,600
Value added tax	3,234	42,512	(25,590)	20,156
Other taxes	5,175	41,779	(43,190)	3,764
	27,793	310,013	(259,286)	78,520

Year ended 31 December 2017	Opening balance VND million	Movements during the year		Closing balance VND million
		Incurred VND million	Paid VND million	
Corporate income tax	2,009	121,605	(104,230)	19,384
Value added tax	4,565	18,212	(19,543)	3,234
Other taxes	6,307	36,126	(37,258)	5,175
	12,881	175,943	(161,031)	27,793

40. Mortgaged, pledged and discount, rediscount assets and valuable papers

	31/12/2018 VND million	31/12/2017 VND million
Real estates	80,817,347	74,131,346
Inventories	3,176,895	8,600,037
Movable assets	7,757,954	8,521,603
Shares and valuable papers	12,869,901	11,253,192
Others	19,135,589	16,974,561
	123,757,686	119,480,739

41. Contingent liabilities and commitments issued

	31/12/2018 VND million			31/12/2017 VND million		
	Contractual amount – gross	Margin deposits	Contractual amount – net	Contractual amount – gross	Margin deposits	Contractual amount – net
Foreign exchange commitments						
<i>In which:</i>						
▪ Commitments to buy foreign currencies	4,285,558	-	4,285,558	9,686,847	-	9,686,847
▪ Commitments to sell foreign currencies	4,289,057	-	4,289,057	9,633,267	-	9,633,267
▪ Commitments to swap currency transactions	52,912,138	-	52,912,138	44,306,158	-	44,306,158
Undrawn loan commitments	42,497	-	42,497	387,561	-	387,561
Letters of credit commitments	317,969	32,789	285,180	1,264,821	27,732	1,237,089
Other guarantees	6,085,986	475,899	5,610,087	6,924,304	451,763	6,472,541
Other commitments	2,559,200	-	2,559,200	659,834	-	659,834
	70,492,405	508,688	69,983,717	72,862,792	479,495	72,383,297

42. Concentration of assets, liabilities and off-balance sheet commitments by geographical area

	31 December 2018			31 December 2017		
	Domestic VND million	Overseas VND million	Total VND million	Domestic VND million	Overseas VND million	Total VND million
Balances with the State Bank of Vietnam	2,171,731	-	2,171,731	1,113,833	-	1,113,833
Deposits with and loans to other credit institutions	2,731,250	6,407,632	9,138,882	13,286,994	369,137	13,656,131
Derivatives	107,851	-	107,851	92,096	9,662	101,758
Loans and advances to customers – gross	52,183,815	332	52,184,147	47,894,416	8,077	47,902,493
Held-for-trading and investment securities – gross	22,090,614	-	22,090,614	18,627,357	-	18,627,357
Long-term investments – gross	268,791	-	268,791	313,720	-	313,720
Debts purchase – gross	280,516	-	280,516	323,672	-	323,672
Fixed assets	970,104	-	970,104	819,621	-	819,621
Investment property	72,473	-	72,473	98,585	-	98,585
Other assets – gross	3,604,500	-	3,604,500	2,731,108	-	2,731,108
Borrowings from the State Bank of Vietnam	6,753,044	-	6,753,044	-	-	-
Deposits and borrowings from other credit institutions	6,790,877	2,553,100	9,343,977	14,363,488	2,466,750	16,830,238
Deposits from customers	62,139,807	120,077	62,259,884	57,757,484	140,396	57,897,880
Valuable papers issued	1,943,038	-	1,943,038	1,965,720	-	1,965,720
Grants and entrusted funds received	223,590	928,400	1,151,990	286,337	-	286,337
Other liabilities	611,339	-	611,339	365,526	-	365,526
Contingent liabilities and credit commitments – gross	9,005,652	-	9,005,652	9,236,520	-	9,236,520

43. Significant transactions with related parties

At the year-end and during the year, there were the following significant balances and transactions with related parties:

Balance at the year-end	31/12/2018 VND million	31/12/2017 VND million
	Receivables/(payables)	
Major shareholders		
<i>Hanoi Export-Import Company</i>		
Deposits	(2,124,413)	(292,152)
Receivable from sales of ABS shares	35,855	35,855
Accrued interest payables on deposits	(4,824)	(893)
Contributed capital	(691,084)	(691,084)
Entrusted investments	50,000	50,000
 <i>Malayan Banking Berhad – Malaysia and other related parties</i>		
Deposits	(684,204)	(5,528)
Contributed capital	(1,063,920)	(1,063,920)
Placements at Malayan Banking Berhad	2,134	1,306
Accrued interest payables on deposits	330	-
 <i>International Finance Corporation</i>		
Borrowings	(2,553,100)	(2,466,750)
Accrued interest payables on borrowings	(19,516)	(4,574)
 Related companies		
<i>Related companies of Hanoi Export-Import Company</i>		
Deposits	(6)	(767)

Balance at the year-end	31/12/2018	31/12/2017
	VND million	VND million
	Receivables/(payables)	
Other related parties		
<i>Board of Directors</i>		
Deposits	(21,234)	(97,303)
Accrued interest payables on deposits	(280)	(362)
Loans	-	94
<i>Supervisory Board</i>		
Deposits	(1,726)	(786)
Accrued interest payables on deposits	(45)	(14)
Loans	-	228
Accrued interest receivables from loans	-	2
<i>Board of Management</i>		
Deposits	(5,005)	(28,420)
Accrued interest payables on deposits	(242)	(594)
Loans	292	12,084
Accrued interest receivables from loans	1	58

Transactions during the year	2018 VND million	2017 VND million
Major shareholders		
<i>Hanoi Export-Import Company</i>		
Demand deposits received	27,322,454	13,642,091
Withdrawal from demand deposits	27,354,444	13,635,512
Term deposits received	2,439,900	407,558
Withdrawal from term deposits	575,732	477,231
Dividend paid	-	26,261
Interest expenses	16,743	12,511
Asset rental expenses	303	-
<i>Malayan Banking Berhad – Malaysia and other related companies</i>		
Demand deposits received	716,291	492,397
Withdrawal from demand deposits	721,445	507,691
Term deposits received	683,830	-
Demand deposits received from ABB	868	-
Withdrawal from demand deposits from ABB	40	-
Dividend paid	-	20,223
Interest income	10	-
Interest expenses on deposits	2,517	-
Interest expenses on loans	181	-
Income from derivative financial instruments	21,307	-
Expenses for derivative financial instruments	1,425	-
<i>International Finance Corporation</i>		
Interest expenses on loans	134,802	-
Related companies		
<i>Related companies of Hanoi Export-Import Company</i>		
Demand deposits received	26,616	35,437
Withdrawal from demand deposits	27,278	34,874
Interest expenses	4	7

Transactions during the year	2018 VND million	2017 VND million
Other related parties		
<i>Board of Directors</i>		
Demand deposits received	1,781,469	515,743
Withdrawal from demand deposits	1,781,218	515,746
Term deposits received	-	210,321
Withdrawal from term deposits	-	134,933
Saving term deposits received	197,302	-
Withdrawal from saving term deposits	290,551	-
Receivables from contract penalty fees	-	8,458
Interest expenses on deposits	7,046	1,530
<i>Board of Management</i>		
Demand deposits received	27,558	66,470
Withdrawal from demand deposits	27,341	66,451
Term deposits received	3,344	30,729
Withdrawal from term deposits	2,757	17,676
Saving term deposits received	1,875	-
Withdrawal from saving term deposits	1,973	-
Collection of loans	140	647
Interest income from loans	11	853
Interest expenses on deposits	268	850
Interest expenses on valuable papers issued	25	-
<i>Supervisory Board</i>		
Demand deposits received	11,971	11,837
Withdrawal from demand deposits	11,810	12,010
Term deposits received	916	2,482
Withdrawal from term deposits	1,108	2,202
Saving term deposits received	1,004	-
Interest expenses on deposits	64	16
Interest income from loans	2	2
Remunerations for members of Board of Directors	25,051	11,548
Remunerations for members of Supervisory Board	4,647	3,035
Remunerations for members of Board of Management	17,862	8,665

44. Financial risk management

(a) Financial risk management

(i) *Risk management policies related to financial instruments*

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk;

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

(ii) *Risk management framework*

The Group's risk management framework are established to set key principles in the management and control of significant risks arising from banking activities. Based on these, the Group's risk management policies are established to identify and analyse the risks which the Group will be affected, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Through the training course and standards and procedures, the Group aims to develop a disciplined and constructive control environment in which all employees could understand their roles and obligations.

Board of Directors and Committees/Boards under control of the Board of Directors

Board of Directors ("BOD") takes ultimate responsibility of the Bank's risk management system. The BOD has established the Risk Management Committee ("RMC") and Risk Handling Committee to support this oversight role.

RMC is responsible to advise the BOD for approving Risk Management Framework, Risk Management Policies to identify and measure risks; simultaneous monitoring, implementing and monitoring the implementation of key risk management policies by sector which is authorised by the BOD and periodically reporting to the BOD on its activities.

Risk Handling Committee is responsible for approving on loan classification report, methods of collecting handled debts and using allowance to write off debts.

Board of Management and Boards under control of Board of Management

Board of Management is responsible for establishing Risk appetite, risk management policies, risk management process, risk limit and submit to the BOD for approval. Board of Management implements the risk appetite, risk process and policy; providing sufficient, accurate and timely information in all business activities to the BOD and the Committee/Boards of the BOD.

The Board of Management established professional committees to manage and supervise several activities and risks of the Bank related to investment activities, market risk management and credit risk management.

- Investment Committee supports the Board of Management to advise to BOD on approval of investment regulations, legal documents, and approval investments within the authorised limits;
- Asset-Liability Committee ("ALCO") is responsible for reviewing and proposing to the BOD for approval of regulations of asset-liability management, liquidity risk management and market risk management, manage core products of the Group and monitoring the compliance with limits, Asset-Liability structure, liquidity status, the status of interest rate risk and market risk of the Group;
- Executive Risk Committee ("ERC") is responsible for approval credit policies, processes and products. The Credit Committee considers and decides to grant credit line for loans which is excess Chief Executive Officer limit and limits for interbank transactions.

The first line of defense

The risk unit is the unit performing business functions and is responsible for implementing risk management framework, policies and business processes which have been approved by the Group's BOD.

The second line of defense

The risk control unit is the unit performing risk management and risk compliance including: Risk Management Division, Credit Management Division and Legal and Compliance. These units are responsible for controlling and monitoring risk over the whole system; advise the Board of Management, the RMC, the ERC on issues related to risk management; provide guidance to business unit and other related units on implementing and enforcement of framework, policies and instruments have been established.

The third line of defense

Internal Audit carries out independent assessments and regularly make recommendations to ensure that the framework, policies and risk management tools are in compliance with regulations. In addition, Internal Audit is also responsible for reviewing and assessing independently and objectively on internal control system, assessing independently on the appropriateness and regulatory compliance of internal policies, procedures and processes which have been established.

(b) Credit risk

Credit risk is the risk of financial loss on the Group's operational activities if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk management

For credit activities: the Group monitors and manages credit risk through following main tools:

- Establish credit limit based on the level of risk that the Group can accept with each customers, each business sectors, geographical area and each industry;
- Establish credit monitoring process through reporting system and credit supervision function at all levels;

- Establish credit quality review process that allows early warning of changes in financial position and payment ability of counter-parties based on quantitative and qualitative factors through credit rating system and analysis of credit appraisal and credit approval function.

For investment/lending on the interbank market: the Group controls and manages risk by establishing interbank investment limits for each specific counterparty based on the Group's analysis and assessment on their level of risk. The interbank investment limit is established by the Board of Management and allocated for Treasury Department to implement.

Collaterals

Collateral is used as tools to minimise credit risk and valued by a department which is independent from business division based on market value at the time of valuation. Valuation of collaterals is updated regularly.

Main collaterals includes real estates, machinery and valuable papers. The acceptance, valuation and handling collaterals is reviewed and updated in order to comply with the SBV's regulation.

Commitments and guarantees

To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. Commitments and guarantees are classified as credit risk.

Credit risk concentration

The level of credit risk concentration of the Group are managed by customer, geographical and business sector.

Not considering collateral assets, the Group's maximum exposure to credit risk at the reporting date was as follows:

	31/12/2018	31/12/2017
	VND million	VND million
Credit risk related to on-balance sheet assets		
Balances with the State Bank of Vietnam	2,171,731	1,113,833
Deposits with and loans to other credit institutions – gross (i)	9,138,882	13,656,131
Held-for-trading securities – gross (iii)	-	200,000
Derivatives and other financial assets	107,851	101,758
Loans and advances to customers – gross (ii)	52,184,147	47,902,493
Debts purchase – gross (iv)	280,516	323,672
Available-for-sale debt securities – gross (iii)	18,417,714	15,483,323
Held-to-maturity securities – gross (iii)	3,670,500	2,894,834
Receivables – gross	1,923,668	1,021,369
Accrued interest and fees receivable	1,004,753	1,147,807
Other assets	285,007	199,905
Credit risk related to off-balance sheet items		
Undrawn loans commitments	42,497	387,561
Commitments on foreign exchange transactions	61,486,753	63,626,272
Letters of credit commitments – gross	317,969	1,264,821
Other guarantees – gross	6,085,986	6,924,304
Other commitments	6,100	9,834
	157,124,074	156,257,917

(j) Deposits with and loans to other credit institutions

Deposits with and loans to other credit institutions of the Group neither past due nor impaired are mainly held with well-known financial institutions. The Board of Management does not foresee any significant credit risk from these deposits and loans and does not expect that these financial institutions may default and cause losses to the Group.

(ii) Loans and advances to customers

Loans and advances to customers that are neither past due nor impaired are mostly from customers with good historical payment records with the Group.

Refer to following note on analysis of credit quality of loans and advances to customers.

(iii) Investment securities and trading securities

The Group limits its exposure to credit risk by investing only in government bonds, bonds issued by credit institutions, bonds issued by well-known companies or listed entities. The Board of Management does not expect any significant financial losses that may arise from these investment securities.

(iv) Debts purchase

All debts purchase are loans classified as Group 1 and loans to customers who have good collection track records with the Group. The Group's Board of Management believes that there would be no significant financial losses that may arise from these debts purchase.

An analysis of collaterals against financial assets and off-balance sheet items at the reporting date was as follows:

As at 31 December 2018	Secured VND million	Unsecured VND million	Total VND million
Loans and receivables			
Balances with the State Bank of Vietnam	-	2,171,731	2,171,731
Deposits with and loans to other credit institutions – gross	-	9,138,882	9,138,882
Loans and advances to customers – gross	47,784,949	4,399,198	52,184,147
Debts purchase – gross	-	280,516	280,516
Receivables – gross	-	1,923,668	1,923,668
Accrued interest and fees receivable	41,681	963,072	1,004,753
Other assets	-	285,007	285,007
Financial assets at fair value through profit or loss			
Derivatives and other financial assets	-	107,851	107,851
Available-for-sale financial assets			
Available-for-sale securities – gross	3,850,103	14,567,611	18,417,714
Held-to-maturity investments			
Held-to-maturity securities – gross	600,389	3,070,111	3,670,500
Off-balance sheet items			
Undrawn loans commitments	40,529	1,968	42,497
Commitments on foreign exchange transactions	-	61,486,753	61,486,753
Letters of credit commitments – gross	311,741	6,228	317,969
Other guarantees – gross	5,456,511	629,475	6,085,986
Other commitments	6,100	-	6,100
	58,092,003	99,032,071	157,124,074

As at 31 December 2017

	Secured VND million	Unsecured VND million	Total VND million
Loans and receivables			
Balances with the State Bank of Vietnam	-	1,113,833	1,113,833
Deposits with and loans to other credit institutions – gross	-	13,656,131	13,656,131
Loans and advances to customers – gross	46,506,464	1,396,029	47,902,493
Debts purchase – gross	-	323,672	323,672
Receivables – gross	-	1,021,369	1,021,369
Accrued interest and fees receivable	306,281	841,526	1,147,807
Other assets	-	199,905	199,905
Financial assets at fair value through profit or loss			
Derivatives and other financial assets	-	101,758	101,758
Held-for-trading securities – gross	-	200,000	200,000
Available-for-sale financial assets			
Available-for-sale securities – gross	1,230,500	14,252,823	15,483,323
Held-to-maturity investments			
Held-to-maturity securities – gross	610,000	2,284,834	2,894,834
Off-balance sheet items			
Undrawn loans commitments	176,551	211,010	387,561
Commitments on foreign exchange transactions	1,348,803	62,277,469	63,626,272
Letters of credit commitments – gross	1,127,993	136,828	1,264,821
Other guarantees – gross	6,273,156	651,148	6,924,304
Other commitments	8,134	1,700	9,834
	57,587,882	98,670,035	156,257,917

Credit quality

Financial assets exposed to credit risk are summarised as follows:

As at 31 December 2018	Balances with the SBV VND million	Deposits with and loans to other credit institutions VND million	Derivatives VND million	Loans and advances to customers VND million	Investment debt securities VND million	Debts purchase VND million	Other financial assets VND million	Total VND million
Not overdue and not impaired	2,171,731	9,138,882	107,851	50,210,955	19,292,087	280,516	3,063,924	84,265,946
Overdue but not impaired	-	-	-	704,199	-	-	-	704,199
Impaired	-	-	-	1,268,993	2,796,127	-	149,504	4,214,624
Gross amount	2,171,731	9,138,882	107,851	52,184,147	22,088,214	280,516	3,213,428	89,184,769
Allowance	-	-	-	(647,118)	(937,028)	(2,185)	(162,977)	(1,749,308)
Net amount	2,171,731	9,138,882	107,851	51,537,029	21,151,186	278,331	3,050,451	87,435,461
Allowance								
Specific allowance	-	-	-	(298,382)	(924,709)	-	(162,977)	(1,386,068)
General allowance	-	-	-	(348,736)	(12,319)	(2,185)	-	(363,240)
	-	-	-	(647,118)	(937,028)	(2,185)	(162,977)	(1,749,308)

As at 31 December 2017	Balances with the SBV VND million	Deposits with and loans to other credit institutions VND million	Derivatives VND million	Loans and advances to customers VND million	Held-for- trading securities VND million	Investment debt securities VND million	Debts purchase VND million	Other financial assets VND million	Total VND million
Not overdue and not impaired	1,113,833	13,656,131	101,758	45,973,603	200,000	16,228,653	323,672	2,214,361	79,812,011
Overdue but not impaired	-	-	-	577,858	-	-	-	-	577,858
Impaired	-	-	-	1,351,032	-	2,149,504	-	154,720	3,655,256
Gross amount	1,113,833	13,656,131	101,758	47,902,493	200,000	18,378,157	323,672	2,369,081	84,045,125
Allowance	-	-	-	(759,890)	(1,500)	(1,093,418)	(2,508)	(171,222)	(2,028,538)
Net amount	1,113,833	13,656,131	101,758	47,142,603	198,500	17,284,739	321,164	2,197,859	82,016,587
Allowance									
Specific allowance	-	-	-	(432,722)	-	(1,080,739)	-	(171,222)	(1,684,683)
General allowance	-	-	-	(327,168)	(1,500)	(12,679)	(2,508)	-	(343,855)
	-	-	-	(759,890)	(1,500)	(1,093,418)	(2,508)	(171,222)	(2,028,538)

An aging analysis of financial assets past due but not impaired at the reporting date was as follows:

As at 31 December 2018	Overdue				Total VND million
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	
Loans and advances to customers – gross	418,202	30,553	28,995	226,449	704,199

As at 31 December 2017	Overdue				Total VND million
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	
Loans and advances to customers – gross	183,332	93,979	15,158	285,389	577,858

An aging analysis of financial assets that are past due and impaired at the reporting date was as follows:

As at 31 December 2018	Overdue				Total VND million
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	
Loans and advances to customers – gross	570,760	111,531	160,926	425,776	1,268,993
Investment securities	410,000	-	-	2,386,127	2,796,127
Other assets – gross	-	-	-	149,504	149,504
	980,760	111,531	160,926	2,961,407	4,214,624

As at 31 December 2017	Overdue				Total VND million
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	
Loans and advances to customers – gross	418,534	78,700	206,900	646,898	1,351,032
Investment securities	-	-	139,000	2,010,504	2,149,504
Other assets – gross	-	-	-	154,720	154,720
	418,534	78,700	345,900	2,812,122	3,655,256

(c) **Market risk**

(i) ***Interest rate risk***

Interest rate risk is the risk that fair value or cash flows of financial instruments will fluctuate because of changes in the market interest rate. The Group will be exposed to the interest rate risk when there is a gap between maturity date or interest repricing date of assets, liabilities and off-balance sheet commitments in a specific period of time. The Group manages this risk by matching the dates of interest rate repricing of assets and liabilities.

Analysis of assets and liabilities based on actual interest rate repricing term

The actual term of interest rate repricing is the remaining period calculated from the reporting date to the next interest rate repricing term or the maturity term of assets and liabilities whichever is earlier.

The following assumptions and conditions have been adopted in the analysis of actual interest rate repricing terms of the assets and liabilities of the Group:

- Cash; derivatives and other financial assets; long-term investment; other assets (including fixed assets and other assets) and other liabilities are classified as non-interest bearing items.
- Balances with the State Bank of Vietnam are considered as current, interest rate repricing term is therefore considered within 1 month.
- The actual interest rate repricing term of purchases of debts are determined based on the actual maturity term of each purchases of debts' contracts at the reporting date.
- The actual interest rate repricing term of investment debt securities are determined based on the actual maturity term of each type of securities at the reporting date.
- The actual interest rate repricing term of deposits with and loans to other credit institutions; loans and advances to customers; deposits and borrowings from other credit institutions and deposits from customers are determined as follows:
 - Items which bear fixed interest rate for the entire contractual term: the actual interest repricing term is determined based on the remaining contractual term calculated from the reporting date.
 - Items which bear floating interest rate: the actual interest repricing term is determined based on the next interest repricing term subsequent to the reporting date.
- The actual interest repricing term of valuable papers issued is determined based on the remaining maturity term of each valuable papers.

The following tables show the Group's assets and liabilities categorised by the earlier of interest rate repricing date and contractual maturity date at the reporting date.

As at 31 December 2018	Overdue VND million	Free of interest VND million	Less than 1 month VND million	From 1 to 3 months VND million	From over 3 to 6 months VND million	From over 6 to 12 months VND million	From over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
Cash	-	859,990	-	-	-	-	-	-	859,990
Balances with the SBV	-	-	2,171,731	-	-	-	-	-	2,171,731
Deposits with and loans to other credit institutions – gross	-	-	7,148,744	1,260,138	710,000	20,000	-	-	9,138,882
Derivatives and other financial assets	-	107,851	-	-	-	-	-	-	107,851
Loans and advances to customers – gross	1,973,192	-	9,521,135	40,689,820	-	-	-	-	52,184,147
Debts purchase – gross	-	-	-	280,516	-	-	-	-	280,516
Investment securities – gross	410,000	2,388,527	1,068,747	155,303	1,684,447	978,950	11,361,801	4,042,839	22,090,614
Long-term investments – gross	-	268,791	-	-	-	-	-	-	268,791
Fixed assets	-	970,104	-	-	-	-	-	-	970,104
Investment property	-	72,473	-	-	-	-	-	-	72,473
Other assets – gross	167,930	3,436,570	-	-	-	-	-	-	3,604,500
Total assets (1)	2,551,122	8,104,306	19,910,357	42,385,777	2,394,447	998,950	11,361,801	4,042,839	91,749,599
Liabilities									
Borrowings from the SBV	-	-	6,753,044	-	-	-	-	-	6,753,044
Deposits and borrowings from other credit institutions	-	-	6,013,294	32,000	-	660,000	2,633,667	5,016	9,343,977
Deposits from customers	-	-	30,378,349	9,511,635	9,904,322	12,170,134	285,980	9,464	62,259,884
Valuable papers issued	-	-	3,918	4,360	222,970	20,750	1,291,040	400,000	1,943,038
Grants and entrusted funds received	-	-	-	13	1,024	8,680	1,063,329	78,944	1,151,990
Other liabilities	-	1,677,213	-	-	-	-	-	-	1,677,213
Total liabilities (2)	-	1,677,213	43,148,605	9,548,008	10,128,316	12,859,564	5,274,016	493,424	83,129,146
Interest sensitivity gap of balance sheet items [(3)=(1)-(2)]	2,551,122	6,427,093	(23,238,248)	32,837,769	(7,733,869)	(11,860,614)	6,087,785	3,549,415	8,620,453
Interest sensitivity gap of off – balance sheet items (4)	-	-	-	-	(2,553,100)	-	-	-	(2,553,100)
Total interest sensitivity gap [(5)=(3)+(4)]	2,551,122	6,427,093	(23,238,248)	32,837,769	(10,286,969)	(11,860,614)	6,087,785	3,549,415	6,067,353

As at 31 December 2017	Overdue VND million	Free of interest VND million	Less than 1 month VND million	From 1 to 3 months VND million	From over 3 to 6 months VND million	From over 6 to 12 months VND million	From over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
Cash	-	873,194	-	-	-	-	-	-	873,194
Balances with the SBV	-	-	1,113,833	-	-	-	-	-	1,113,833
Deposits with and loans to other credit institutions – gross	-	-	10,688,340	1,487,791	1,020,000	460,000	-	-	13,656,131
Held-for-trading securities – gross	-	-	-	-	-	-	200,000	-	200,000
Derivatives and other financial assets	-	101,758	-	-	-	-	-	-	101,758
Loans and advances to customers – gross	1,928,890	-	8,131,086	37,842,517	-	-	-	-	47,902,493
Debts purchase – gross	-	-	-	323,672	-	-	-	-	323,672
Investment securities – gross	-	2,059,705	992,492	489,000	649,738	1,868,578	7,522,582	4,845,262	18,427,357
Long-term investments – gross	-	313,720	-	-	-	-	-	-	313,720
Fixed assets	-	819,621	-	-	-	-	-	-	819,621
Investment property	-	98,585	-	-	-	-	-	-	98,585
Other assets – gross	177,563	2,373,545	-	130,000	-	-	50,000	-	2,731,108
Total assets (1)	2,106,453	6,640,128	20,925,751	40,272,980	1,669,738	2,328,578	7,772,582	4,845,262	86,561,472
Liabilities									
Deposits and borrowings from other credit institutions	-	-	12,548,656	1,737,000	-	-	2,531,632	12,950	16,830,238
Deposits from customers	-	-	26,520,109	11,081,585	9,070,218	10,937,569	113,862	174,537	57,897,880
Valuable papers issued	-	-	-	-	-	22,790	1,542,930	400,000	1,965,720
Grants and entrusted funds received	-	-	952	285,385	-	-	-	-	286,337
Other liabilities	-	1,404,305	-	-	-	-	-	-	1,404,305
Total liabilities (2)	-	1,404,305	39,069,717	13,103,970	9,070,218	10,960,359	4,188,424	587,487	78,384,480
Interest sensitivity gap of balance sheet items [(3)=(1)-(2)]	2,106,453	5,235,823	(18,143,966)	27,169,010	(7,400,480)	(8,631,781)	3,584,158	4,257,775	8,176,992
Interest sensitivity gap of off – balance sheet items (4)	-	-	-	-	-	(650,000)	-	-	(650,000)
Total interest sensitivity gap [(5)=(3)+(4)]	2,106,453	5,235,823	(18,143,966)	27,169,010	(7,400,480)	(9,281,781)	3,584,158	4,257,775	7,526,992

The following table shows the average actual interest rates of interest bearing financial instruments with different terms and currencies:

As at 31 December 2018

	Overdue	Free of interest	Less than 1 month	From 1 to 3 months	From over 3 to 6 months	From over 6 to 12 months	From over 1 to 5 years	Over 5 years
Assets								
Balances with the SBV								
▪ VND	N/A	N/A	0.10%	N/A	N/A	N/A	N/A	N/A
▪ Foreign currencies	N/A	N/A	0.05%	N/A	N/A	N/A	N/A	N/A
Deposits with and loans to other credit institutions								
▪ VND	N/A	N/A	3.63%	5.34%	5.74%	7.5%	N/A	N/A
▪ Foreign currencies	N/A	N/A	0.00%	N/A	N/A	N/A	N/A	N/A
Loans and advances to customers								
▪ VND	11.37%	N/A	9.96%	9.52%	N/A	N/A	N/A	N/A
▪ Foreign currencies	4.41%	N/A	4.57%	3.52%	N/A	N/A	N/A	N/A
Debts purchase								
▪ VND	N/A	N/A	N/A	9.62%	N/A	N/A	N/A	N/A
Investment securities								
▪ VND	9.00%	N/A	6.90%	5.80%	7.55%	7.17%	7.61%	6.84%
Liabilities								
Borrowings from the SBV	N/A	N/A	4.75%	N/A	N/A	N/A	N/A	N/A
Deposits and borrowings from other credit institutions								
▪ VND	N/A	N/A	4.30%	5.50%	N/A	6.00%	5.89%	5.97%
▪ Foreign currencies	N/A	N/A	2.69%	N/A	N/A	N/A	5.86%	N/A
Deposits from customers								
▪ VND	N/A	N/A	3.40%	6.42%	6.84%	7.38%	7.49%	6.71%
▪ Foreign currencies	N/A	N/A	0.00%	0.00%	0.00%	0.00%	1.55%	0.00%
Valuable papers issued								
▪ VND	N/A	N/A	7.60%	7.59%	7.54%	7.90%	7.91%	8.00%
Grants and entrusted funds received								
▪ VND	N/A	N/A	N/A	4.97%	4.97%	4.97%	4.97%	4.97%
▪ Foreign currencies	N/A	N/A	N/A	N/A	N/A	N/A	5.90%	N/A

As at 31 December 2017

	Overdue	Free of interest	Less than 1 month	From 1 to 3 months	From over 3 to 6 months	From over 6 to 12 months	From over 1 to 5 years	Over 5 years
Assets								
Balances with the SBV								
▪ VND	N/A	N/A	N/A	0.10%	N/A	N/A	N/A	N/A
▪ Foreign currencies	N/A	N/A	N/A	0.05%	N/A	N/A	N/A	N/A
Deposits with and loans to other credit institutions								
▪ VND	N/A	N/A	3.29%	4.58%	4.97%	4.92%	N/A	N/A
▪ Foreign currencies	N/A	N/A	0.79%	N/A	N/A	N/A	N/A	N/A
Held-for-trading securities								
▪ VND	N/A	N/A	N/A	N/A	N/A	N/A	9.57%	N/A
Loans and advances to customers								
▪ VND	11.36%	N/A	9.61%	9.54%	N/A	N/A	N/A	N/A
▪ Foreign currencies	3.59%	N/A	3.93%	3.23%	N/A	N/A	N/A	N/A
Debts purchase								
▪ VND	N/A	N/A	N/A	9.46%	N/A	N/A	N/A	N/A
Investment securities								
▪ VND	N/A	N/A	8.22%	9.48%	7.93%	7.21%	6.20%	7.39%
Liabilities								
Deposits and borrowings from other credit institutions								
▪ VND	N/A	N/A	2.07%	4.64%	N/A	N/A	5.88%	5.70%
▪ Foreign currencies	N/A	N/A	2.04%	4.77%	N/A	N/A	N/A	N/A
Deposits from customers								
▪ VND	N/A	N/A	2.79%	6.02%	6.96%	7.41%	7.51%	7.21%
▪ Foreign currencies	N/A	N/A	N/A	0.30%	N/A	N/A	1.45%	N/A
Valuable papers issued								
▪ VND	N/A	N/A	N/A	N/A	N/A	7.59%	7.41%	8.00%
Grants and entrusted funds received								
▪ VND	N/A	N/A	4.92%	4.92%	N/A	N/A	N/A	N/A

Interest rate sensitivity analysis

The Group has not performed the sensitivity analysis for interest rates as at 31 December 2018 and 31 December 2017 due to lack of input data and information.

(ii) Market price risk

Market price risk is the risk that the market value of securities decreases due to changes in value of individual securities. Market price risk derives from trading securities, available-for-sale investment securities of the Group.

Held-for-trading securities and available-for-sale investment securities of the Group bear the market price risk incurred from the uncertainties in fluctuation of market price in the future of these securities. The Group manages the market price risk by diversification and prudence in selection of investment securities within the approved limit.

Sensitive analysis

The sensitivity assessment of market risk can be made based on changes to share prices while other factors are kept constant. The Group will analyse and present the sensitivity analysis of its market risks when it has detailed guidance from the regulators.

(iii) Currency risk

Currency risk is the risk incurred from changes in foreign exchange rate to VND, the Group's accounting currency which may affect the value of the financial instruments or may cause volatility in the Group's earnings.

The Group's main currency is VND. The financial assets and liabilities of the Group is mainly denominated in VND, a part in USD and EUR. The Group has defined limits on the level of exposure by each currency based on the Group's internal risk assessment system and the SBV's regulations. The currency position is monitored daily and the Group takes risk mitigation actions to ensure that the currency position is within the defined limit.

The followings are the significant exchange rates applied by the Group at the reporting date:

	Exchange rate as at	
	31/12/2018	31/12/2017
USD/VND	23,210	22,425
EUR/VND	26,562	26,468
GBP/VND	29,352	30,584
CHF/VND	23,550	23,235
JPY/VND	209	201
SGD/VND	16,935	16,993
CAD/VND	17,056	18,095
AUD/VND	16,288	17,735

The Group's assets and liabilities categorised by currencies translated into VND as at 31 December 2018 and 31 December 2017 were as follows:

As at 31 December 2018	VND VND million	USD VND million	EUR VND million	Other currencies VND million	Total VND million
Assets					
Cash	696,500	161,205	1,116	1,169	859,990
Balances with the SBV	2,112,400	59,331	-	-	2,171,731
Deposits with and loans to other credit institutions – gross	2,599,480	322,935	5,936,411	280,056	9,138,882
Derivatives and other financial assets	4,927,972	1,317,734	(5,870,202)	(267,653)	107,851
Loans and advances to customers – gross	49,669,799	2,514,348	-	-	52,184,147
Debts purchase – gross	280,516	-	-	-	280,516
Investment securities – gross	22,090,614	-	-	-	22,090,614
Long-term investments – gross	268,791	-	-	-	268,791
Fixed assets	970,104	-	-	-	970,104
Investment property	72,473	-	-	-	72,473
Other assets – gross	3,495,220	109,280	-	-	3,604,500
Total assets (1)	87,183,869	4,484,833	67,325	13,572	91,749,599
Liabilities and equity					
Borrowings from the SBV	6,753,044	-	-	-	6,753,044
Deposits and borrowings from other credit institutions	4,723,403	4,620,507	-	67	9,343,977
Deposits from customers	60,885,313	1,298,567	72,717	3,287	62,259,884
Valuable papers issued	1,943,038	-	-	-	1,943,038
Grants and entrusted funds received	223,590	928,400	-	-	1,151,990
Other liabilities	1,648,970	28,217	-	26	1,677,213
Equity and reserves	6,868,745	-	-	-	6,868,745
Total liabilities and equity (2)	83,046,103	6,875,691	72,717	3,380	89,997,891
FX position on-balance sheet [(3)=(1)-(2)]	4,137,766	(2,390,858)	(5,392)	10,192	1,751,708
FX position off-balance sheet (4)	(1,763,130)	1,757,650	3,984	2,315	819
Total FX position on and off-balance sheet [(5)=(3)+(4)]	2,374,636	(633,208)	(1,408)	12,507	1,752,527

An Binh Commercial Joint Stock Bank
170 Hai Ba Trung, Da Kao Ward, District 1
Ho Chi Minh City, Vietnam

Notes to the consolidated financial statements for the year ended 31 December 2018 (continued)

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As at 31 December 2017	VND VND million	USD VND million	EUR VND million	Other currencies VND million	Total VND million
Assets					
Cash	707,114	162,117	2,757	1,206	873,194
Balances with the SBV	1,112,410	1,423	-	-	1,113,833
Deposits with and loans to other credit institutions – gross	8,470,184	2,743,120	2,418,170	24,657	13,656,131
Held-for-trading securities – gross	200,000	-	-	-	200,000
Derivatives and other financial assets	(66,789)	164,681	3,866	-	101,758
Loans and advances to customers – gross	44,493,576	3,408,917	-	-	47,902,493
Debt purchase – gross	323,672	-	-	-	323,672
Investment securities – gross	18,427,357	-	-	-	18,427,357
Long-term investments – gross	313,720	-	-	-	313,720
Fixed assets	819,621	-	-	-	819,621
Investment property	98,585	-	-	-	98,585
Other assets – gross	2,690,274	40,831	3	-	2,731,108
Total assets (1)	77,589,724	6,521,089	2,424,796	25,863	86,561,472
Liabilities and equity					
Deposits and borrowings from other credit institutions	14,135,819	2,694,364	-	55	16,830,238
Deposits from customers	56,285,334	1,511,367	93,435	7,744	57,897,880
Valuable papers issued	1,965,720	-	-	-	1,965,720
Grants and entrusted funds received	286,337	-	-	-	286,337
Other liabilities	1,389,856	11,793	2,447	209	1,404,305
Equity and reserves	6,118,589	-	-	-	6,118,589
Total liabilities and equity (2)	80,181,655	4,217,524	95,882	8,008	84,503,069
FX position on-balance sheet [(3)=(1)-(2)]	(2,591,931)	2,303,565	2,328,914	17,855	2,058,403
FX position off-balance sheet (4)	2,361,795	(1,462,143)	(868,150)	6,560	38,062
Total FX position on and off-balance sheet [(5)=(3)+(4)]	(230,136)	841,422	1,460,764	24,415	2,096,465

Below is the analysis of impact to net profit of the Group after consideration for the current foreign exchange rate and the fluctuations in the past as well as market expectation as at the reporting date:

	Effect to consolidated net profit after tax Increase/(decrease) VND million
As at 31 December 2018	
USD (strengthening by 4%)	20,263
EUR (strengthening by 1%)	11
As at 31 December 2017	
USD (strengthening by 1%)	6,731
EUR (strengthening by 13%)	151,919

(d) Liquidity risk

Liquidity risk is the risk that the Group has difficulties in fulfilling its obligations for financial liabilities at the maturity dates. To reduce the liquidity risk, the Group mobilises from various capitals beside the basic capital of the Group and the Group has flexible liquid asset management policies, monitor the future cash flows and daily liquidity. The Group also evaluates the expected cash flows and available ability of current collateral assets in case of mobilising more capital.

Liquidity risk is also limited by holding a large amount of cash and cash equivalents under demand deposits with other credit institutions, balances with the SBV and other credit institutions and valuable papers. Safety ratios that taken into account risk factor are also used to manage liquidity risk.

The maturity of assets and liabilities represents the remaining term of assets and liabilities from the reporting date to the due date specified in contracts or issuance provisions.

The following assumptions and conditions are applied in analysing the maturity of assets and liabilities of the Group:

- Balances with the SBV are classified as demand deposits, in which compulsory reserve for liquidity is included. The balance of compulsory reserve for liquidity depends on elements and term of deposits from customers of the Group.
- The maturity of deposits with and loans to other credit institutions, derivatives and other financial assets and loans and advances to customers are defined based on the contractual due date. The actual maturity date can be changed as the loan contracts are extended.

- The maturity of purchases of debts are defined based on the contract due date.
- The maturity of held-for-trading securities and investment securities is based on the maturity date of each security.
- The maturity of long-term investments is categorised over 5 years because these investments do not have exact maturity date and the Group has intention to hold them for long-term.
- The maturity of fixed assets is defined by the remaining useful lives of assets.
- The maturity of borrowings from the SBV and deposits and borrowings from other credit institutions and deposits from customers is defined based on the characteristic of each item or the due date specified in the contracts. Demand deposits from other credit institutions and customers are at customers' discretion and are therefore categorised as call deposit. The maturity for loans and term deposits are defined based on contractual maturity date. In practice, the actual maturities of those assets and liabilities may be longer than the original contractual term due to rollover.

Below is the analysis of assets and liabilities of the Group classified into groups based on the remaining terms from the reporting date until the maturity date. In reality, the maturity date of assets and liabilities might be different from commitments, depending on the appendices signed.

As at 31 December 2018

	Overdue		Current					
	Over 3 months	Up to 3 months	Up to 1	From over 1	From over 3	From over 1	Over 5 years	Total
	VND million	VND million	month	to 3 months	to 12 months	to 5 years	VND million	VND million
Assets								
Cash	-	-	859,990	-	-	-	-	859,990
Balances with the SBV	-	-	2,171,731	-	-	-	-	2,171,731
Deposits with and loans to other credit institutions – gross	-	-	7,148,744	1,260,138	730,000	-	-	9,138,882
Derivatives and other financial assets	-	-	47,246	3,529	57,076	-	-	107,851
Loans and advances to customers – gross	1,084,040	889,152	2,106,226	5,641,096	18,046,697	7,268,399	17,148,537	52,184,147
Debts purchase – gross	-	-	-	-	-	-	280,516	280,516
Investment securities – gross	-	410,000	1,071,146	155,303	3,390,025	11,990,440	5,073,700	22,090,614
Long-term investments – gross	-	-	-	-	-	-	268,791	268,791
Fixed assets	-	-	-	496	2,665	100,301	866,642	970,104
Investment property	-	-	-	-	-	-	72,473	72,473
Other assets – gross	167,930	-	1,288,766	27,083	216,054	536,030	1,368,637	3,604,500
Total assets (1)	1,251,970	1,299,152	14,693,849	7,087,645	22,442,517	19,895,170	25,079,296	91,749,599
Liabilities								
Borrowings from the SBV	-	-	6,753,044	-	-	-	-	6,753,044
Deposits and borrowings from other credit institutions	-	-	6,013,294	32,000	660,000	2,633,667	5,016	9,343,977
Deposits from customers	-	-	30,378,349	9,735,414	21,850,678	285,980	9,463	62,259,884
Valuable papers issued	-	-	3,918	4,480	243,600	1,291,040	400,000	1,943,038
Grants and entrusted funds received	-	-	-	217	9,499	1,063,329	78,945	1,151,990
Other liabilities	-	-	1,468,302	-	100,192	1,026	107,693	1,677,213
Total liabilities (2)	-	-	44,616,907	9,772,111	22,863,969	5,275,042	601,117	83,129,146
Net liquidity gap [(3)=(1)-(2)]	1,251,970	1,299,152	(29,923,058)	(2,684,466)	(421,452)	14,620,128	24,478,179	8,620,453

As at 31 December 2017

	Overdue		Current		Current			
	Over 3 months	Up to 3 months	Up to 1 month	From over 1 to 3 months	From over 3 to 12 months	From over 1 to 5 years	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets								
Cash	-	-	873,194	-	-	-	-	873,194
Balances with the SBV	-	-	1,113,833	-	-	-	-	1,113,833
Deposits with and loans to other credit institutions – gross	-	-	10,688,340	1,487,791	1,480,000	-	-	13,656,131
Held-for-trading securities – gross	-	-	200,000	-	-	-	-	200,000
Derivatives and other financial assets	-	-	(20,545)	65,662	56,641	-	-	101,758
Loans and advances to customers – gross	973,942	954,948	3,084,856	5,014,022	14,286,386	8,035,383	15,552,956	47,902,493
Debts purchase – gross	-	-	-	-	-	-	323,672	323,672
Investment securities – gross	-	-	499,992	-	3,100,840	9,932,062	4,894,463	18,427,357
Long-term investments – gross	-	-	-	-	-	-	313,720	313,720
Fixed assets	-	-	-	-	-	-	819,621	819,621
Investment property	-	-	-	-	-	-	98,585	98,585
Other assets – gross	177,563	-	1,148,491	-	186,743	1,209,411	8,900	2,731,108
Total assets (1)	1,151,505	954,948	17,588,161	6,567,475	19,110,610	19,176,856	22,011,917	86,561,472
Liabilities								
Deposits and borrowings from other credit institutions	-	-	12,548,656	1,737,000	-	2,531,632	12,950	16,830,238
Deposits from customers	-	-	26,520,109	11,081,585	20,007,787	113,862	174,537	57,897,880
Valuable papers issued	-	-	-	-	-	1,565,720	400,000	1,965,720
Grants and entrusted funds received	-	-	952	285,385	-	-	-	286,337
Other liabilities	-	-	1,253,100	-	151,205	-	-	1,404,305
Total liabilities (2)	-	-	40,322,817	13,103,970	20,158,992	4,211,214	587,487	78,384,480
Net liquidity gap [(3)=(1)-(2)]	1,151,505	954,948	(22,734,656)	(6,536,495)	(1,048,382)	14,965,642	21,424,430	8,176,992

(e) **Fair value of financial assets and financial liabilities**

The carrying amount of financial assets and financial liabilities shown in the consolidated balance sheet at the reporting date are as follows:

	31/12/2018 VND million	31/12/2017 VND million
Financial assets		
<i>Categorised as financial assets at fair value through profit or loss:</i>		
- Derivatives and other financial assets	107,851	101,758
- Held-for-trading securities – gross	-	200,000
<i>Categorised as held-to-maturity investments:</i>		
- Held-to-maturity securities – gross	3,670,500	2,894,834
- Long-term investments – gross	268,791	268,791
<i>Categorised as loans and receivables:</i>		
- Balances with the State Bank of Vietnam	2,171,731	1,113,833
- Deposits with and loans to other credit institutions – gross	9,138,882	13,656,131
- Loans and advances to customers – gross	52,184,147	47,902,493
- Debts purchase – gross	280,516	323,672
- Other financial assets	3,213,428	2,369,081
<i>Categorised as available-for-sale financial assets:</i>		
- Government bonds	13,106,023	11,998,799
- Available-for-sale securities – gross	5,314,091	3,533,724
Financial liabilities		
<i>Categorised as financial liabilities carried at amortised cost:</i>		
- Borrowings from the SBV	6,753,044	-
- Deposits and borrowings from other credit institutions	9,343,977	16,830,238
- Deposits from customers	62,259,884	57,897,880
- Valuable papers issued	1,943,038	1,965,720
- Grants and entrusted funds received	1,151,990	286,337
- Other financial liabilities	1,465,236	1,300,361

The Group has not determined fair values of these financial instruments for disclosure in these consolidated financial statements because their market prices are not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. The fair values of these financial instruments may differ from their carrying amounts.

45. Commitments

(a) Capital commitments

At the reporting date, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	31/12/2018 VND million	31/12/2017 VND million
Approved and contracted	6,919	21,209

(b) Lease commitments

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

	31/12/2018 VND million	31/12/2017 VND million
Within one year	158,041	146,390
Within two to five years	433,529	428,418
More than five years	54,953	86,390
	646,523	661,198

46. Corresponding figures

Corresponding figures as at 1 January 2018 were derived from the balance and amounts reported in the Group's audited consolidated financial statements as at and for the year ended 31 December 2017.

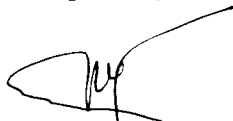
In addition, certain corresponding figures have been reclassified to conform with the current year's presentation. A comparison of the amounts previously reported and as restated is as follows:

Consolidated statement of cash flows

	2017 VND (as restated)	2017 VND (as previously reported)
Increase/(decrease) in other operating assets	946,284	935,784
Receipts of dividends and profit distributions from long-term investments	2,016	12,516

29 March 2019

Prepared by



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