

Ho Chi Minh Development Joint Stock Bank

Consolidated financial statements

31 December 2017



Ho Chi Minh City Development Joint Stock Bank

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Ho Chi Minh City Development Joint Stock Bank

GENERAL INFORMATION

THE BANK

Ho Chi Minh City Development Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam.

The Bank was established and operates in accordance with Decision No. 47/QD-UB issued by the People's Committee of Ho Chi Minh City on 11 February 1989 and Banking License No. 00019/NH-GP issued by the State Bank of Vietnam ("the SBV") on 6 June 1992.

The Bank's principal activities are to provide banking services including mobilizing and receiving short, medium and long-term deposits from organisations and individuals; making short, medium and long-term loans to organisations and individuals based on the nature and capability of the Bank's capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valuable papers; providing settlement services and other banking services as allowed by the SBV.

THE BOARD OF DIRECTORS

Members of the Board of Directors of the Bank during the year and as at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/reappointment</i>
Ms. Le Thi Bang Tam	Chairwoman	Re-appointment on 21 April 2017
Ms. Nguyen Thi Phuong Thao	Standing Vice Chairwoman	Re-appointment on 21 April 2017
Mr. Luu Duc Khanh	Vice Chairman	Re-appointment on 21 April 2017
Mr. Nguyen Thanh Do	Vice Chairman	Appointment on 21 April 2017
Mr. Nguyen Huu Dang	Member	Re-appointment on 21 April 2017
Mr. Chu Viet Cuong	Member	Re-appointment on 21 April 2017
Ms. Nguyen Thi Tam	Member	Re-appointment on 21 April 2017
Mr. Lim Peng Khoon	Member	Re-appointment on 21 April 2017
Mr. Ly Vinh Quang	Independent Member	Appointment on 21 April 2017

THE BOARD OF SUPERVISION

The members of the Board of Supervision of the Bank during the year and as at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of reappointment</i>
Mr. Dao Duy Tuong	Chief Supervisor	21 April 2017
Ms. Nguyen Thi Phung	Member	21 April 2017
Ms. Nguyen Thi Tich	Member	21 April 2017

THE BOARD OF MANAGEMENT, CHIEF FINANCIAL OFFICER AND CHIEF ACCOUNTANT

The members of the Board of Management, Chief Financial Officer and Chief Accountant of the Bank during the year and as at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/ reappointment/resignation</i>
Mr. Nguyen Huu Dang	General Director	Re-appointment on 22 October 2015
Ms. Nguyen Doan Duy Ai	Deputy General Director	Appointment on 15 August 2007
Mr. Pham Quoc Thanh	Deputy General Director	Re-appointment on 11 March 2016
Mr. Nguyen Minh Duc	Deputy General Director	Appointment on 30 December 2013
Mr. Le Thanh Tung	Deputy General Director	Appointment on 16 September 2009
Mr. Nguyen Thanh Phuong	Deputy General Director	Appointment on 22 January 2018
Mr. Le Thanh Trung	Deputy General Director	Re-appointment on 15 February 2016
Mr. Tran Hoai Nam	Deputy General Director	Re-appointment on 27 February 2016
Mr. Tran Thai Hoa	Deputy General Director	Appointment on 27 May 2015
Mr. Pham Thien Long	Deputy General Director	Resignation on 10 January 2018
Mr. Pham Van Dau	Chief Financial Officer	Appointment on 16 September 2009
Ms. Ho Dang Hoang Quyen	Chief Accountant	Appointment on 7 July 2011

Ho Chi Minh City Development Joint Stock Bank

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year and as at the date of the consolidated financial statements is Mr. Nguyen Huu Dang, General Director.

AUDITORS

The auditor of the Bank and its subsidiaries is Ernst & Young Vietnam Limited.

Ho Chi Minh City Development Joint Stock Bank

REPORT OF BOARD OF MANAGEMENT

Board of Management of Ho Chi Minh Development Joint Stock Bank ("the Bank") is pleased to present this report and the consolidated financial statements of the Bank and its subsidiaries as at 31 December 2017 and for the year then ended.

RESPONSIBILITY OF MANAGEMENT IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable account standards have been followed subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going basis unless it is inappropriate to presume that the Bank and its subsidiaries will continue in business.

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

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

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management of the Bank does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position as at 31 December 2017, the consolidated results of their operations and their consolidated cash-flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the consolidated financial statements.

For and on behalf of the Board of Management:



Mr. Nguyen Huu Dang
General Director

Ho Chi Minh City, Vietnam

30 March 2018

Reference: 60752693/19584188-HN

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of
Ho Chi Minh City Development Joint Stock Bank**

We have audited the accompanying consolidated financial statements of Ho Chi Minh City Development Joint Stock Bank ("the Bank") and its subsidiaries, as prepared on 30 March 2018 and set out on pages 6 to 79 which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement and the consolidated statement of cash flows for the year then ended and the notes thereto.

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, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the consolidated financial statements, and for such internal control system as the Board of Management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these 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 those consolidated financial statements are free from material misstatement.

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

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

Auditors' opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2017, and of the consolidated results of its operations and its consolidated cash flows for the year then ended, in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other relevant statutory obligations related to the preparation and presentation of the consolidated financial statements.

Other matter

The consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2016 were audited by another audit firm which expressed an unmodified opinion on those consolidated financial statements on 31 March 2017.

Ernst & Young Vietnam Limited




Dang Phuong Ha
Deputy General Director
Audit Practicing Registration Certificate
No. 2400-2018-004-1



Vu Tien Dung
Auditor
Audit Practicing Registration Certificate
No. 3221-2015-004-1

Ho Chi Minh City, Vietnam

30 March 2018

Ho Chi Minh City Development Joint Stock Bank

CONSOLIDATED BALANCE SHEET
as at 31 December 2017

B02/TCTD-HN

	Notes	Ending balance VND million	Beginning balance VND million
ASSETS			
Cash and gold	6	1,511,629	1,636,010
Balances with the State Bank of Vietnam	7	1,922,256	2,389,302
Due from banks		21,861,168	18,580,047
Placements with other banks	8.1	19,650,607	15,971,314
Loans to other banks	8.2	2,210,561	2,608,733
Securities held for trading	9	4,690,398	396,937
Securities held for trading		4,693,398	400,000
Provision for securities held for trading		(3,000)	(3,063)
Loans and advances to customers		103,336,329	81,303,975
Loans and advances to customers	11	104,497,028	82,224,372
Provision for credit losses of loans and advances	13	(1,160,699)	(920,397)
Purchased debts	12	3,875	5,489
Purchased debts		7,749	8,690
Provision for credit losses of purchased debts		(3,874)	(3,201)
Investment securities		45,802,141	34,261,091
Available-for-sale securities	14.1	37,417,732	24,267,353
Held-to-maturity securities	14.2	9,614,647	11,020,813
Provision for investment securities	14.4	(1,230,238)	(1,027,075)
Long-term investments		378,237	384,406
Other long term investments		490,087	495,945
Provision for long-term investments	15	(111,850)	(111,539)
Fixed assets		1,526,617	1,351,960
<i>Tangible fixed assets</i>	16.1	526,448	524,984
Cost		1,078,472	1,003,485
Accumulated depreciation		(552,024)	(478,501)
<i>Intangible fixed assets</i>	16.2	1,000,169	826,976
Cost		1,181,235	987,948
Accumulated depreciation		(181,066)	(160,972)
Investment properties	17	45,769	88,381
Cost		46,037	88,765
Accumulated depreciation		(268)	(384)
Other assets		8,255,852	9,896,674
Receivables	18.1	3,423,647	5,290,387
Interest and fees receivable	18.2	3,416,359	3,113,887
Deferred income tax assets	25.2	21,238	17,311
Other assets	18.3	1,455,489	1,510,547
<i>In which: Goodwill</i>	5	33,614	39,377
Provision for other assets	18.4	(60,881)	(35,458)
TOTAL ASSETS		189,334,271	150,294,272

Ho Chi Minh City Development Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2017

B02/TCTD-HN

	<i>Notes</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
LIABILITIES			
Due from Government and the State Bank of Vietnam	19	156,253	177,635
Due to other banks	20	37,217,378	19,684,665
Deposits from other banks	20.1	12,244,362	13,621,415
Borrowings from other banks	20.2	24,973,016	6,063,250
Due to customers	21	120,537,469	103,299,771
Derivatives and other financial liabilities instruments	10	70,098	9,326
Other borrowed and entrusted funds	22	2,927,741	2,843,432
Valuable paper issued	23	9,793,000	11,027,014
Other liabilities		3,873,226	3,309,786
Interest and fees payable	24.1	2,695,865	2,463,250
Other payables	24.2	1,177,361	846,536
TOTAL LIABILITIES		174,575,165	140,351,629
OWNERS' EQUITY			
Capital		11,852,342	8,104,686
Charter capital		9,810,000	8,100,000
Fund for capital expenditure		89	89
Share premium		2,042,255	4,599
Treasury shares		(2)	(2)
Reserves		453,708	465,280
Retained earnings		1,769,506	747,047
Non-controlling interests		683,550	625,630
TOTAL OWNERS' EQUITY	26.1	14,759,106	9,942,643
TOTAL LIABILITIES, OWNERS' EQUITY AND NON-CONTROLLING INTEREST		189,334,271	150,294,272

Ho Chi Minh City Development Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2017

B02/TCTD-HN

CONSOLIDATED OFF BALANCE SHEET ITEMS

	<i>Notes</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Credit guarantees		9,052	9,862
Foreign exchange commitments		41,764,910	35,669,948
- <i>Spot foreign exchange commitments – buy</i>		3,880,370	2,942,536
- <i>Spot foreign exchange commitments – sell</i>		3,166,761	1,288,271
- <i>Cross currency swap contracts</i>		34,717,779	31,439,141
Letters of credit		1,073,114	1,046,968
Other guarantees		3,392,157	2,592,745
Total	40	46,239,233	39,319,523

Prepared by: 

Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by: 

Mr. Pham Van Dau
Chief Finance Officer



Mr. Nguyen Huu Dang
General Director

Ho Chi Minh City, Vietnam


30 March 2018

Ho Chi Minh City Development Joint Stock Bank

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2017

B03/TCTD-HN

	Notes	Current year VND million	Previous year VND million
Interest and similar income	28	14,959,081	11,321,302
Interest and similar expenses	29	(8,611,781)	(6,643,222)
Net interest and similar income		6,347,300	4,678,080
Fee and commission income		268,640	167,320
Fee and commission expenses		(72,207)	(49,096)
Net fee and commission income	30	196,433	118,224
Net income from foreign currencies	31	157,437	209,284
Net income from securities held for trading	32	5,708	82,503
Net income from investment securities	33	484,895	151,159
Other operating income		299,104	195,119
Other operating expenses		(28,939)	(28,428)
Net income from other operating activities	34	270,165	166,691
Income from long-term investments	35	43,881	12,285
TOTAL OPERATING INCOME		7,505,819	5,418,226
Personnel expenses		(2,003,352)	(1,467,206)
Depreciation and amortization charges		(104,447)	(116,835)
Other operating expenses		(1,964,478)	(1,692,947)
TOTAL OPERATING EXPENSES	36	(4,072,277)	(3,276,988)
Net operating profit before provision for credit losses		3,433,542	2,141,238
Credit losses expense	13	(1,016,760)	(993,605)
PROFIT BEFORE TAX		2,416,782	1,147,633
Current corporate income tax expense	25.1	(466,302)	(226,810)
Deferred corporate income tax	25.2	3,927	(6,325)
Corporate income tax expenses		(462,375)	(233,135)
PROFIT AFTER TAX		1,954,407	914,498
<i>Attributable to:</i>			
Common shareholders of the Bank		1,746,487	738,132
Non-controlling interest	26.1	207,920	176,366
Basic earnings per share (VND)	27	1,966	833

Prepared by: 



Ms. Ho Dang Hoang Quyen
Chief Accountant

Ho Chi Minh City, Viet Nam

30 March 2018

Reviewed by:



Mr. Pham Van Dau
Chief Finance Officer

Approved by:



Mr. Nguyen Huu Dang
General Director

Ho Chi Minh City Development Joint Stock Bank

CONSOLIDATED CASH FLOWS STATEMENT
for the year ended 31 December 2017

B04/TCTD-HN

	<i>Notes</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
OPERATING ACTIVITIES			
Interest and similar receipts		15,053,877	10,324,704
Interest and similar payments		(8,378,071)	(5,924,390)
Net fee and commission receipts		174,592	109,474
Net receipts from trading of securities, gold and foreign currencies		604,363	669,155
Other income		86,840	57,593
Recoveries from bad debts written-off previously	34	171,947	89,342
Payments for operating and salary expenses		(3,967,519)	(3,066,362)
Corporate income tax paid during the year	25	(493,742)	(208,178)
Net cash flows from operating profit before changes in operating assets and liabilities		3,252,287	2,051,338
Changes in operating assets		(37,613,486)	(35,478,903)
(Increase)/decrease in due from banks		(106,000)	2,243,570
Increase in securities held for trading		(16,356,325)	(13,048,241)
Decrease in derivative financial instruments		60,772	39,044
Increase in loans and advances		(22,272,094)	(25,665,537)
Utilization of provision to write off loans, securities and long-term investments		(560,470)	(604,220)
Decrease in other assets		1,620,631	1,556,481
Changes in operating liabilities		33,974,222	39,815,673
Decrease in due to Government and the State Bank of Vietnam		(21,382)	(2,310,686)
Increase in due to other banks		17,532,713	13,089,734
Increase in due to customers (including State Treasury)		17,237,698	28,757,052
Increase in other borrowed and entrusted funds		84,309	20,869
(Decrease)/ increase in debt issued		(1,234,014)	70,014
Increase derivatives and other financial liabilities		-	9,326
Increase in other liabilities		378,498	179,898
Utilization of funds		(3,600)	(534)
Net cash flows (used in)/from operating activities		(386,977)	6,388,108
INVESTING ACTIVITIES			
Purchase of fixed assets	16	(22,219)	(272,208)
Proceeds from disposal of fixed assets		11,260	29,134
Purchase of investment properties		-	(12,769)
Proceeds from disposal of investment properties		56,566	8,662
Proceeds from investments in other entities		12,527	83,072
Dividends received from long-term investments		43,881	12,285
Net cash flows from/(used in) investing activities		102,015	(151,824)

Ho Chi Minh City Development Joint Stock Bank

CONSOLIDATED CASH FLOWS STATEMENT (continued)
for the year ended 31 December 2017

B04/TCTD-HN

	Notes	Current year VND million	Previous year VND million
FINANCING ACTIVITIES			
Proceeds from increase charter capital and/or issuing new shares		3,018,656	-
Proceeds from issuing long-term valuable papers and other long-term borrowing capitals		-	4,080,000
Payment for long-term valuable papers and other long-term borrowing capitals		-	(970,000)
Dividends paid to shareholders	26.3	(150,000)	(809,987)
Cash flows from financing activities		2,868,656	2,300,013
Net cash flows for the year		2,583,694	8,536,297
Cash and cash equivalents at the beginning of the year		22,605,359	14,069,062
Cash and cash equivalents at the end of the year	37	25,189,053	22,605,359

Prepared by: 



Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by:



Mr. Pham Van Dau
Chief Finance Officer

Approved by:



Mr. Nguyen Huu Dang
General Director

Ho Chi Minh, Viet Nam

30 March 2018

Ho Chi Minh City Development Joint Stock Bank

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2017 and for the year then ended

B05/TCTD-HN

1. GENERAL INFORMATION

Ho Chi Minh City Development Joint Stock Bank ("the Bank") is a joint stock commercial bank incorporated in the Socialist Republic of Vietnam.

Establishment and Operations

The Bank was established under Decision No. 47/QD-UB issued by the People's Committee of Ho Chi Minh City on 11 February 1989 and Banking License No. 00019/NH-GP issued by the State Bank of Vietnam ("the SBV") on 6 June 1992.

The Bank's principal activities are to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans to organizations and individuals based on the nature and capability of the Bank's capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valuable papers; settlement services and other banking services as allowed by the SBV.

Charter capital

The charter capital of the Bank as at 31 December 2017 is VND9,810 billion (as at 31 December 2016: VND8,100 billion).

Network

The Bank's Head Office is located at HD Tower, 25 Bis Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City. As at 31 December 2017, the Bank had one (1) Head Office, one (1) representative office in the North, fifty seven (57) branches, one hundred and eighty one (181) transaction offices located in cities and provinces throughout Vietnam.

Subsidiaries

As at 31 December 2017, the Bank had two (2) subsidiaries:

<i>Subsidiary</i>	<i>Operating License No.</i>	<i>Nature of business</i>	<i>Ownership of the Bank</i>
Ho Chi Minh City Development Commercial Joint Stock Bank Asset Management Company	3602376446 dated 13 September 2010 issued by the Department of Planning and Investment of Dong Nai Province, sixthly (6) amended on 13 January 2015	Assets management	100%
HD SAISON Finance Co., Ltd ("HD SAISON"), previously known as Ho Chi Minh City Development Commercial Joint Stock Bank Finance Co., Ltd	0304990133 issued by the Department of Planning and Investment on 13 July 2007, thirteenth (13) amended on 5 February 2018	Finance/ Banking	50%

1. GENERAL INFORMATION (continued)

Employees

The Bank and its subsidiaries' total number of employees as at 31 December 2017 was 13,728 persons (as at 31 December 2016: 11,102 persons).

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 *Fiscal year*

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

2.2 *Accounting currency*

The consolidated financial statements are prepared in VND. For the presentation of the consolidated financial statements as at 31 December 2017, the data is rounded to millions and expressed in millions of Vietnam dong ("VND million"). This presentation does not affect the view of users of consolidated financial statements on the consolidated financial position, results of its consolidated operations and its consolidated cash flow.

3. ACCOUNTING STANDARDS AND SYSTEM

3.1 *Statement of compliance*

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

3.2 *Basis of preparation*

The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QĐ-NHNN issued on 29 April 2004 and Circular No. 10/2014/TT-NHNN dated 20 March 2014 amending and supplementing Decision No. 479/2004/QĐ-NHNN, Decision No. 16/2007/QĐ-NHNN dated 18 April 2007, Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QĐ-NHNN issued by the State Bank of Vietnam and Vietnamese Accounting Standards issued by the Ministry of Finance:

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

3. ACCOUNTING STANDARDS AND SYSTEM (continued)

3.2 *Basis of preparation* (continued)

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and results of consolidated operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items which are not presented in the consolidated financial statements in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the State Bank of Vietnam indicate have nil balance.

3.3 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the financial period ended at 31 December 2017. The financial statements of the subsidiaries are prepared for the same reporting period as the parent bank, using consistent accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continued to be consolidated until the date that such control ceases.

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

Non-controlling interests represent the portion of profit or loss and net assets not held by the Bank and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

3.4 *Assumptions and uses of estimates*

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Bank and its subsidiaries in preparation of the consolidated financial statements are consistent with those followed in the preparation of the Bank and its subsidiaries' consolidated financial statements for the year ended 31 December 2016, except for the following change in the accounting policies:

Decree No. 93/2017/ND-CP on financial regime applicable to credit institutions, foreign bank branches and financial supervision and evaluation of efficiency of State capital investment at wholly State owned credit institutions and State-invested credit institutions

On 7 August 2017, the Government promulgated Decree No. 93/2017/ND-CP ("Decree 93") on the financial regime applicable to credit institutions, foreign bank branches, and financial supervision and efficiency evaluation of State capital investment in wholly State-owned credit institutions and State-invested credit institutions.

Decree 93 replaces Decree No. 57/2012/ND-CP dated 20 July 2012 of the Government, and takes effect on 25 September 2017, except for regulations on the efficiency evaluation of State investment in joint-stock credit institutions with over 50% of charter capital owned by the Government.

Decree 93 supplements, amends the regulations on capital adequacy, income, expenses, accounting currency and the distribution order of profit after corporate income tax.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Changes in accounting policies and disclosures (continued)

Circular No. 39/2016/TT-NHNN on lending activities to customers of credit institutions and foreign bank branches

On 30 December 2016, the SBV issued Circular No. 39/2016/TT-NHNN on lending activities to customers of credit institutions and foreign bank branches, which has taken effect from 15 March 2017.

4.2 Accounting policies standards issued but not yet effective

On 29 December 2017, the SBV issued Circular No. 22/2017/TT-NHNN amending and supplementing a number of articles of Chart of account System applicable to credit institutions issued in connection with Decision No. 479/2004/QD-NHNN dated 29 April 2004 and the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QD-NHNN dated 18 April 2007 by the Governor of the SBV ("Circular 22").

The main changes in Circular 22 are as follows:

- ▶ Amending and supplementing the guidance on the accounting treatment for foreign exchange and gold transactions;
- ▶ Amending a number of accounts in the Chart of account system applicable to credit institutions;
- ▶ Amending the guidance on the accounting treatment for some accounts in the Chart of account system applicable to credit institutions; and
- ▶ Amending and supplementing the guidance on the Financial reporting regime applicable to credit institutions.

Circular 22 will take effect on 1 April 2018.

4.3 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand current accounts at the SBV, due from bank on demand or with an original maturity of three months or less from the transaction date, securities with maturity of three months or less from date of purchase, which can be converted into a known amount of cash and do not bear the liquidity risk.

4.4 Due from other banks

Deposits and borrowings from other credit institutions are presented at the principal amounts outstanding at the end of the financial year.

The classification of due from other banks and the corresponding provision for credit losses is made in accordance with Circular No. 02/2013/TT-NHNN issued by the State Bank of Vietnam dated 21 January 2013 providing guidance on the classification of assets and provision for credit losses of credit institutions and foreign bank branches ("Circular 02") and Circular 09/2014/TT-NHNN issued by the SBV dated 18 March 2014 amending and supplementing some articles of Circular 02 ("Circular 09").

Accordingly, the Bank and its subsidiaries recognize specific provisions for due from other banks (except for demand deposits) in accordance with the policies as described in *Note 4.7*.

According to Circular 02, the Bank is not required to record general provision for due from other banks.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Purchased debts*

Purchased debts are recognized at purchasing price on the contract and classified into the debt category not lower than those at purchase date. If the interest receipt thereafter includes the accrued interest before purchase date, the interest recognition is made as follows: (i) reduction of the accrued interest in purchased debts balance; (ii) the interest income in the year for the amount incurred after the purchase date.

The Bank and its subsidiaries classify purchased debt and make credit provision in accordance with the policies as described in *Note 4.7*.

4.6 *Loans and advances*

Loans to customers are disclosed and presented at the principal amounts outstanding at the end of the financial year.

Short-term loans are loans with term of less than one year from the date of disbursement. Medium-term loans have term of one to five years and long-term loans are loans with term of over 5 years from the date of disbursement.

The classification of loans and advances and provision for credit losses is recognized in accordance with Circular 02 and Circular 09 as described in *Note 4.7*.

4.7 *Loan classification and provision for credit losses applied to placement with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets*

The classification of due from other banks, direct and entrusted investments in unlisted corporate bond, and loans to customers and entrustments for credit granting (collectively called "debts") is recognized on the basis of quantitative method as prescribed in Article 10 of Circular 02/2013/TT-NHNN ("Circular 02").

Specific provision as at 31 December 2017 is calculated using the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the debt classification results as at 30 November 2017. The specific provision rates for each group are presented as follows:

Group		Description	Provision rate
1	Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2	Special Mention	(a) Debts are overdue for a period of between 10 days and 90 days; or (b) Debts of which the repayment terms are restructured for the first time.	5%

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Loan classification and provision for credit losses applied to placement with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets* (continued)

Group		Description	Provision rate
3	Sub - Standard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Debts of which the repayment terms are extended for the first time; or (c) Debts of which interests are exempted or reduced because customers do not have sufficient capability to pay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: <ul style="list-style-type: none"> ▪ Debts made in compliance with Clauses 1, 3, 4, 5, 6 Article 126 of the Law on Credit Institutions; or ▪ Debts made in compliance with Clauses 1, 2, 3, 4 Article 127 of the Law on Credit Institutions; or ▪ Debts made in compliance with Clauses 1, 2 and 5 of Article 128 of the Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions.	20%
4	Doubtful	(a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts of which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts of which the repayment terms are restructured for the second time; or (d) Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions.	50%

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Loan classification and provision for credit losses applied to placement with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets* (continued)

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

If a customer has more than one debt with the Bank and its subsidiaries and any of the outstanding debts is classified into a higher risk group, the entire remaining debts of such customer should be classified into the corresponding higher risk group.

If a customer is classified into debt group with lower risk than debt group in CIC list, the Bank must adjust the debt classification results according to CIC list. The basis for determination of the value and discounted value for each type of collaterals is specified in Circular 02.

As at 31 December 2017, the Bank and its subsidiaries are also required to record a general provision at 0.75% of total outstanding debts as at 30 November 2017 excluding due from other banks and loans classified as loss.

4.8 *Loans sold to Vietnam Asset Management Company ("VAMC")*

The Bank sell loans to VAMC at the carrying amount in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on "Establishment, structure and operations of Vietnam Asset Management Company, Circular No. 19/2013/TT-NHNN "Regulations on purchasing, selling and writing-off of bad debts of Vietnam Asset Management Company, Circular No. 14/2015/TT-NHNN and Circular No 08/2016/TT-NHNN amend and supplement Circular 19/2013/TT-NHNN and Official Letter No. 8499/NHNN-TCKT on "Accounting guidance on selling and purchasing of bad debts between VAMC and credit institutions". Accordingly, selling price equals to the outstanding loan balance minus (-) unused balance of specific provision. The bank then receives the special bonds issued by VAMC.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 *Loans sold to Vietnam Asset Management Company ("VAMC")* (continued)

Upon the sale of loans to VAMC, the Bank and its subsidiaries writes off loan balances and corresponding specific provisions and recognizes special bonds issued by VAMC at par value. When receiving loans previously sold to VAMC, the Bank and its subsidiaries use annual specific provisions for special bonds to write off bad debts and recognize the difference between provision for credit losses and the remaining outstanding loan balance/bond value in "Other income" of the consolidated income statement.

4.9 *Business combination and goodwill*

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

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Bank and its subsidiaries' interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized within 10-year period on a straight-line basis.

4.10 *Securities held for trading*

4.10.1 *Classification and recognition*

Trading securities include debt securities purchased for trading purposes. Trading securities are initially recognized at cost on transaction date.

4.10.2 *Measurement*

Listed debt securities held for trading are recognized at cost less provision for diminution in value of securities, which is based on the yield quoted on the Hanoi Securities Exchange as at the balance sheet date.

Provision for credit losses on corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 and Circular 09 as described in Note 4.7.

Equity securities held for trading are recognized at cost at trading date and during holding period. Impairment review on a periodical basis. Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. In case market prices of securities are not available or cannot be determined reliably, no provision is calculated.

Provision for securities held for trading which is mentioned above is reversed when the recoverable amount of securities held for trading increases after the provision is made as a result of an objective event. Provision is reversed up to the gross value of these securities before the provision is made.

Gains or losses from sales of trading securities are recognized in the consolidated income statement.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Securities held for trading (continued)

4.10.3 De-recognition

Trading securities are derecognized when the rights to receive cash flows from these securities are terminated or the Bank transfers substantially all the risks and rewards of ownership of these securities.

4.11 Available-for-sale securities

4.11.1 Classification and recognition

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

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

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

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

4.11.2 Measurement

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

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

Listed debt securities are recognized at cost less provision for diminution in value of securities determined based on the rates of return listed on the Hanoi Stock Exchange as at the balance sheet date.

Provision for credit losses on corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 and Circular 09 as described in Note 4.7.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Held-to-maturity securities

Special bonds issued by VAMC

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

During the holding period, the Bank annually calculate and make allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 amending and supplementing some articles of Circular No. 19/2013/TT-NHNN which stimulates the purchase, sale and write-off bad debts of VAMC.

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

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

- In which:

- $X_{(m)}$ is minimum provision for special bonds in the m^{th} year;
- X_{m-1} is accumulated specific provision for special bonds in the $m-1^{\text{th}}$ year;
- Y is face value of special bonds;
- n is term of special bonds (years);
- m is number of years from the bond issuance date to the provision date;
- Z_m is accumulated bad debt recoveries at the provision date (m^{th} year).

On settlement date of special bonds, interest occurred from debts collection shall be recognized into "Interest and similar income".

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

Specific provision for each special bond is recognized in the consolidated income statement in "Provision expense for credit losses"

Specific provision for each special bond is recognized in the consolidated income statement for the financial year from 1 January 2017 to 31 December 2017 in "Provision expense for credit loss". General provision is not required for the special bonds.

Other held-to-maturity securities

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

Debt securities are recognized and measured similarly as available-for-sale securities at Note 4.11.

4.13 Repurchase and reverse repurchase agreements

Securities sold under the agreements to be repurchased at a specified future date ("repos") are not derecognized from the consolidated financial statements. The corresponding cash received is recognized in the consolidated balance sheet as a liability. The difference between the sale price and repurchase price is recognized to the consolidated income statement using contract interest rate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Repurchase and reverse repurchase agreements (continued)

Securities purchased under agreements to resell at a specified future date ("reverse repos") are not recognized in the consolidated financial statements. The corresponding cash payment is recognized in the consolidated balance sheet as an asset. The difference between the purchasing price and reselling price is recognized to the consolidated income statement using contract interest rate.

4.14 Other long-term investments

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

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

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

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

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

4.15 Fixed assets

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

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

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

4.16 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortisation.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Bank and its subsidiaries.

Depreciation of investment properties are calculated on a straight-line basis over the estimated useful life of the assets as follows:

Building	10 - 40 years
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Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the consolidated income statement in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. When reclassifying investment properties to fixed assets, the cost and the net book value of the fixed assets at reclassified date.

4.18 Depreciation and amortization

Depreciation and amortization of tangible fixed assets and intangible fixed assets are calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and structures	5 - 50 years
Machinery and equipment	7 - 14 years
Vehicles	6 - 10 years
Office equipment	3 - 10 years
Other tangible assets	4 - 10 years
Land use rights	6 - 49 years
Computer software	3 - 8 years

The land use rights of the Bank with indefinite term are not amortized. The land use rights with definite term are amortized over the term of use.

4.19 Receivables

4.19.1 Receivables classified as credit-risk assets

Receivables classified as credit-risk assets are recognized at cost. Doubtful receivables are classified and provisions are recognized by the Bank in accordance with the regulations on recognition and use of provision as presented in Note 4.7.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Receivables (continued)

4.19.2 Other receivables

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

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

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

<u>Overdue period</u>	<u>Provision rate</u>
From over six months up to one year	30%
From one year up to under two years	50%
From two years up to under three years	70%
From three years and above	100%

4.20 Prepaid expenses

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

4.21 Due to other banks, due to customers and valuable papers issued

Due to other banks, due to customers and debts issued are presented at the principal amounts outstanding at the date end of financial year.

4.22 Payables and accruals

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

4.23 Fiduciary assets

Assets in entrusted assets management of the Bank and its subsidiaries are not recognized as the Bank and its subsidiaries' assets hence will not be included in the consolidated financial statements.

4.24 Loan classification for off-balance-sheet commitments

Off-balance sheet commitments include guarantees, payment acceptances, loan commitments which are irrevocable, unconditional and have the specific time of execution.

Classification for off-balance sheet commitments is only used to monitor the credit quality. Accordingly, commitments and contingent liabilities are classified for management, credit quality monitoring purposes as described in Note 4.7.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.25 Derivatives

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

Currency forward contracts

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

Swap contracts

The swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on the notional principal amount or commitments to settle interest based on a floating rate or a fixed rate calculated on the notional amount and in a given period. The difference between spot rate and forward rate are recorded at contract date as assets or liabilities and are amortized to the consolidated income statement on straight-line basis over the contract period.

4.26 Capital

4.26.1 Ordinary shares

Ordinary shares are classified as equity.

4.26.2 Share premium

The Bank and its subsidiaries record the difference between the par value and issue price of shares if the issue price is higher than par value, and the difference between price of repurchasing of treasury stocks and the re-issue price of treasury stocks to share premium account. The expense related to issue shares will be recorded as the share premium deductible.

4.26.3 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss upon purchase, sale, issue or cancellation of the Bank and its subsidiaries' own equity instruments.

4.26.4 Funds and reserves

The Bank has set up the following reserves in accordance with the Law on Credit Institutions No. 47/2010 / QH12 and Decree No. 93/2017/ ND-CP and the Bank's Charter as follows:

	<i>% of profit after tax</i>	<i>Maximum rate</i>
Capital supplementary reserve	5.00% profit after tax	100.00% chartered capital
Financial reserve	10.00% profit after tax	Not specified

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.26 *Capital* (continued)

4.26.4 *Funds and reserves* (continued)

Other funds will be allocated from profit after tax. The allocation from profit after tax and utilization of funds must be approved by the Annual General Meeting of Shareholder. These reserves are not regulated by statutory and allowed to be fully allocated.

The Bank will made reserves based on separate results of its operation at the end of financial year.

Reserves of Ho Chi Minh City Development Commercial Joint Stock Bank Asset Management Company

According to Circular No. 27/2002/TT-BTC dated 22 March 2002, retained earning allocation, making appropriation of profit to reserves and reserves utilization of the Company is implemented in accordance with regulations applied to the Bank by which the Company was established.

Reserves of HD SAISON Finance Co., Ltd

According to Decree No. 93/2017/ND-CP dated 7 August 2017 replaces Decree No. 57/2012/ND-CP date 20 July 2012, the Company is required to make appropriation of profit to reserves in similar way to the Bank.

4.27 *Recognition of income and expenses*

Interest income and expenses

Interest income and interest expenses are recognized in the consolidated income statement on accrual basis. The recognition of accrued interest income is suspended when a loan is classified in Groups 2 to 5 in accordance with Circular 02 and Circular 09. Suspended interest income is reversed and monitored off-balance sheet and recognized in the consolidated income statement upon actual receipt.

The Bank has signed contracts to sell some securities on credit term. Accordingly, the buyer is subject to interest payment for the grace period in the contract. The interest rates are specified in the contracts and contract addendum. The interest of these contract are recognized on cash basis (*Note 18 & Note 28*).

Fees and commissions

Fees and commissions are recognized on accrued basis.

Income from investment

Income from securities investment is recognized on the difference between the selling price and cost of the securities sold.

Cash dividends from equity investment are recognized in the consolidated income statement when the Bank and its subsidiaries' right to receive the payment are established. For stock dividends and bonus shares, the number of shares is just updated and no dividend income is recognized in the consolidated income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.27 Recognition of income and expense (continued)

Income and expense from sale of debts

Income and expenses from the sale of debts are recognized in accordance with Decision No. 09/2015/TT-NHNN issued by the SBV promulgating regulations on sale and purchase of debts by credit institutions.

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

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

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

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

Other income

Other revenues are recognized on a cash basis.

4.28 Corporate income tax

Current corporate income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from (or paid to) the taxation authorities. The tax rates and tax laws used to compute the amount are those that are effective as at the consolidated balance sheet date.

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

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

The tax returns of the Bank and its subsidiaries are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and regulations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.28 Corporate income tax (continued)

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- ▶ Deferred tax liabilities is recognised as initial recording of assets or loans in a transaction that does not have an effect on the profit and loss of the taxable profit (loss) at the time of transaction.
- ▶ The temporary taxable differences is associated with subsidiaries, joint ventures and other investments that the Bank is able to control the revert of the temporary differences and determined the possibility of reverted differences in the future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- Where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

4.29 Foreign currency transactions

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the consolidated balance sheet date (*Note 50*). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and followed in the "*Foreign exchange differences*" under "*Owners' equity*" in the consolidated balance sheet and will be transferred to the consolidated income statement at the end of the financial year.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.30 *Offsetting*

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

4.31 *Employee benefits*

4.31.1 *Post-employment benefits*

Post-employment benefits are paid to retired employees of the Bank and its subsidiaries by the Social Insurance Agency, which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 18% (until 31 May 2017) and 17.5% (from 1 June 2017) of an employee's basic salary on a monthly basis. Besides, the Bank and its subsidiary have no further obligation of post-employee benefits, except obligation of contributing monthly Social Insurance.

4.31.2 *Voluntary resignation benefits*

The Bank and its subsidiary have the obligation, under Article 48 of the Labor Code No.10/2012/QH13 effective on 1 May 2013, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). The average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date. From 01 January 2009, the average salary per month is calculated for the severance allowance is based on the nearest six-months average salary counted to the resignation date.

4.31.3 *Unemployment insurance*

According to the current regulations on unemployment insurance from 1 January 2009, the Bank and its subsidiary are obliged to pay unemployment insurance at 1% of its salary fund used to pay for unemployment insurance and deduct 1% of salary of each employee to pay simultaneously to the Unemployment Insurance Fund.

5. BUSINESS COMBINATION

On 30 October 2013, the Bank acquired 100% equity interest of Ho Chi Minh City Development Joint Stock Bank Finance Co., Ltd. (HDFinance) (previously known as Société Générale Vietnam Finance Company Limited) according to the Resolution of the Annual General Meeting dated 26 April 2013 and Decision No. 2532/QD-NHNN issued by the State Bank of Vietnam. Total business combination cost amounting to VND629, 376 million was paid in cash in 2015. Goodwill originated from the acquisition is VND115, 251 million and amortized over ten (10) years.

In 2014, the Bank transferred 49% equity interest in HDFinance to Credit Saison Company and renamed to HD SAISON Finance Limited ("HD SAISON"). In May 2015, the Bank completed its divestment of 1% equity interest in HD SAISON to a domestic investor at the price of VND17,000 million and recognized a net gain amounting to VND9,604 million. The goodwill was reduced accordingly.



Ho Chi Minh City Development Joint Stock Bank

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5. BUSINESS COMBINATION (continued)

The movement of goodwill during the year is as follows:

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Total Goodwill	115,251	115,251
Amortization period (year)	10	10
Accumulative amortization of Goodwill at the beginning of the year	(75,874)	(70,111)
Carrying amount of Goodwill at the beginning of the year	39,377	45,140
Decrease during the year	(5,763)	(5,763)
Goodwill amortization for the year (Note 34)	(5,763)	(5,763)
Net book value of Goodwill at the end of the year	33,614	39,377

6. CASH AND GOLD

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Cash on hand in VND	903,430	674,017
Cash on hand in foreign currencies	585,469	952,494
Monetary gold	22,730	9,499
	1,511,629	1,636,010

7. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
In VND	1,522,560	2,111,550
In USD	99,696	27,752
Blocked deposit	300,000	250,000
	1,922,256	2,389,302

Balances with the State Bank of Vietnam include settlement and compulsory reserve. The average balances of the Bank with the State Bank of Vietnam is no less than the compulsory reserve in the month. The compulsory reserve is calculated by multiplying previous month average deposit balances by compulsory reserve rates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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7. BALANCES WITH THE STATE BANK OF VIETNAM (continued)

The compulsory deposit rates are as follows:

	<u>31 December 2017</u>	<u>31 December 2016</u>
	% p.a.	% p.a.
<i>Customers</i>		
Demand deposits and term deposits with maturity term less than 12 months in VND	3.00	3.00
Term deposits with maturity term from 12 months and above in VND	1.00	1.00
Demand deposits and term deposits with maturity term less than 12 months in foreign currencies	8.00	8.00
Term deposits with maturity term from 12 months and above in foreign currencies	6.00	6.00
<i>Foreign credit institution</i>		
Foreign deposit	1.00	1.00

8. DUE FROM BANKS

8.1 Placements with other banks

	<u>Ending balance</u>	<u>Beginning balance</u>
	VND million	VND million
Demand deposits	12,928,307	12,935,314
- In VND	5,186,600	4,738,561
- In foreign currencies	7,741,707	8,196,753
Term deposits	6,722,300	3,036,000
- In VND	5,915,000	3,036,000
- In foreign currencies	807,300	-
	19,650,607	15,971,314

Changes in provision for deposits at other banks during the year are as follows:

	<u>Current year</u>	<u>Previous year</u>
	VND million	VND million
Beginning balance	-	103,620
Reversal during the year (Note 36)	-	(450)
Provision used for credit risks	-	(103,170)
Ending balance	-	-

Ho Chi Minh City Development Joint Stock Bank

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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8. DUE FROM BANKS (continued)

8.1 Placements with other banks (continued)

Interest rates per annum of deposits at other banks at the year-end are as follows:

	<i>Ending balance</i> <i>% p.a.</i>	<i>Beginning balance</i> <i>% p.a.</i>
In VND	1.30 – 5.00	4.20 - 5.40
In foreign currencies	1.50 – 1.60	0.00

8.2 Loans to other banks

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Current		
- In VND	2,210,561	2,309,586
<i>In which :</i>		
<i>discounted and rediscounted loan</i>	904,561	624,586
- In foreign currencies	-	299,147
	2,210,561	2,608,733

Interest rates per annum of loans to other banks at the year-end are as follows:

	<i>Ending balance</i> <i>% p.a.</i>	<i>Beginning balance</i> <i>% p.a.</i>
In VND	1.70 – 5.00	4.20 – 4.90
In foreign currencies	Not applicable	1.50

9. SECURITIES HELD FOR TRADING

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Debt securities		
Government bonds, local authorities	3,893,398	-
Unlisted debt securities issued by other credit institutions	400,000	-
Unlisted debt securities issued by other domestic economic entities	400,000	400,000
Provision for credit loss of securities held for trading		
General provision	(3,000)	(3,063)
	4,690,398	396,937

Ho Chi Minh City Development Joint Stock Bank

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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9. SECURITIES HELD FOR TRADING (continued)

The details of securities held for trading as 31 December 2017 and as at 31 December 2016 as follows:

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Par value VND million</i>	<i>Carrying value VND million</i>	<i>Par value VND million</i>	<i>Carrying value VND million</i>
Government bonds, local authorities	3,650,000	3,893,398	-	-
Debt securities issued by other credit institutions				
Home Credit Vietnam Co., Ltd	400,000	400,000	-	-
Debt securities issued by domestic economic entities – Unlisted				
Viet Han trading, advertising, Construction and real estate Co., Ltd	400,000	400,000	400,000	400,000
		4,693,398		400,000

Debt securities issued by domestic economic entities above are classified as current loan group.

Changes in provision for deposits other credit institutions during the year are as follows:

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Beginning balance	3,063	6,922
Reversal in the year (Note 32)	(63)	(3,859)
Ending balance	3,000	3,063

Ho Chi Minh City Development Joint Stock Bank

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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10. DERIVATIVES FINANCIAL INSTRUMENTS

	<i>Total contract value (using exchange rate at the contract date)</i> VND million	<i>Total carrying value (using exchange rate at reporting date)</i>	
		<i>Assets</i> VND million	<i>Liabilities</i> VND million
Currency derivatives as at 31 December 2017			
Forward contracts	3,000,000	-	12,048
Swap contracts	17,369,172	-	58,050
Total	20,369,172	-	70,098
Net amount			70,098
Currency derivatives as at 31 December 2016			
Forward contracts	3,245,203	-	2,747
Swap contracts	16,069,782	13,942	20,521
Total	19,314,985	13,942	23,268
Net amount			9,326

11. LOANS AND ADVANCES TO CUSTOMERS

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Loans to local economic entities and individuals	100,686,906	78,850,738
Loans for discounted commercial notes and valuable papers	1,491,581	3,059,047
Overdraft and loans to credit card holders	2,298,173	294,007
Loans to foreign economic entities and individuals	20,368	20,580
	104,497,028	82,224,372

11.1 Analysis of loans by quality

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Current	101,103,362	79,734,077
Special mention	1,810,425	1,291,514
Substandard	513,992	376,621
Doubtful	548,566	460,699
Loss	520,683	361,461
	104,497,028	82,224,372

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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11. LOANS AND ADVANCES TO CUSTOMERS (continued)

11.2 Analysis of loans by original terms

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Short-term loans	56,070,884	34,052,485
Medium-term loans	24,238,532	29,487,894
Long-term loans	24,187,612	18,683,993
	104,497,028	82,224,372

11.3 Analysis of loans by type of customers and ownership

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Corporate loans	57,112,230	54.65	45,494,950	55.33
Joint-stock companies	29,966,935	28.67	26,970,387	32.81
Limited liability companies	22,117,947	21.17	13,072,900	15.90
State limited liability companies	1,860,979	1.78	1,979,449	2.41
Other State-owned enterprises	1,516,054	1.45	513,032	0.62
Family household business	946,070	0.91	1,276,613	1.55
State Joint – stock companies	442,218	0.42	408,783	0.50
Private companies	184,496	0.18	883,170	1.07
Co-operatives	14,674	0.01	23,708	0.03
Others	62,857	0.06	366,908	0.44
Individual loans	47,384,798	45.35	36,729,422	44.67
	104,497,028	100.00	82,224,372	100.00

11.4 Analysis of loans by currency

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
In VND	97,056,786	92.88	77,665,512	94.46
In foreign currency	7,440,242	7.12	4,558,860	5.54
	104,497,028	100.00	82,224,372	100.00

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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11. LOANS AND ADVANCES TO CUSTOMERS (continued)

11.5 Analysis of loans by sectors

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Household work, production and consumer services	41,188,784	39.42	36,063,574	43.86
Constructions	11,673,478	11.17	9,059,197	11.02
Real estate business	6,836,437	6.54	4,679,177	5.69
Agricultural, forestry and aquaculture	6,176,009	5.91	4,387,144	5.34
Hotel and restaurant	5,665,539	5.42	4,534,253	5.51
Processing industry	6,607,808	6.32	4,571,492	5.56
Electricity, gas and water supply/distribution	3,112,468	2.98	2,608,913	3.17
Wholesale and retail trade, repair of motor vehicles, motorcycles	2,094,572	2.00	2,084,496	2.54
Transportation and warehousing	2,076,111	1.99	2,256,132	2.74
Financial, banking and insurance services	2,450,185	2.34	1,430,077	1.74
Science and technology activities	364,682	0.35	362,498	0.44
Education and training	126,453	0.12	155,806	0.19
Art and entertainment services	145,459	0.14	82,933	0.10
Media and communications	87,524	0.08	406,587	0.49
Health care and social relief activities	88,486	0.08	68,974	0.08
Administrations and supporting services	78,569	0.08	468,166	0.57
Mining industry	167,306	0.16	85,655	0.10
Water supplies and waste treatment	51,751	0.05	103,309	0.13
Other services	15,505,407	14.85	8,815,989	10.73
	104,497,028	100.00	82,224,372	100.00

Annual interest rates of loans and advances to customer at the year-end are as follows:

	<i>Ending balance</i> <i>% p.a.</i>	<i>Beginning balance</i> <i>% p.a.</i>
Commercial loans		
- In VND	0.00 – 79.02	0.00 – 79.02
- In foreign currencies	0.01 - 7.51	1.20 - 7.45

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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12. PURCHASED DEBTS

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Debts purchased in VND	7,749	8,690
Provision for purchased debts (Note 13)	(3,874)	(3,201)
	3,875	5,489

Balances and interest of the purchased debts are as follows:

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Loan balances	10,442	11,383
Interest of purchased debts	-	-
	10,442	11,383

Results of the loan classification as at 31 December 2017 and provision for purchased debts as required by Circular 02/2013/TT-NHNN, Circular 09/2014/TT-NHNN and the Bank and its subsidiaries' policy on loan classification and provision is as follows:

<i>Loan classification</i>	<i>Debt balance</i> <i>VND million</i>	<i>Specific provision</i> <i>VND million</i>	<i>General provision</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Loss	7,749	(3,874)	-	(3,874)

Changes in provision for purchased debts in current period are as follows:

	<i>Specific provision</i> <i>VND million</i>	<i>General provision</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Beginning balance	3,201	-	3,201
Provision during the year (Note 13)	1,052	-	1,052
Provision used for credit risks	(379)	-	(379)
Ending balance	3,874	-	3,874

Changes in provision for purchased debts in previous period are as follows:

	<i>Specific provision</i> <i>VND million</i>	<i>General provision</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Beginning balance	3,201	-	3,201
Provision/(Reversal)	-	-	-
Ending balance	3,201	-	3,201

Ho Chi Minh City Development Joint Stock Bank

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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13. PROVISION FOR CREDIT LOSSES

Provision expenses during the year comprised of:

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Provision expense for loans and advances	794,562	715,852
Provision for debts purchased (<i>Note 12</i>)	1,052	-
Provision expense for special bonds issued by VAMC (<i>Note 14.4</i>)	221,146	277,753
Total provision expense charged for credit losses	1,016,760	993,605

Results of the loan classification as at 30 November 2017 and provision for credit losses of loans and advances to customers as required by Circular 02/2013/TT-NHNN, Circular 09/2014/TT-NHNN and the Bank and its subsidiaries' policy on loan classification and provision is as follows:

<i>Classification</i>	<i>Balance</i> <i>VND million</i>	<i>Specific provision</i> <i>VND million</i>	<i>General provision</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Current	97,739,157	-	733,043	733,043
Special mention	2,014,577	47,118	15,109	62,227
Sub standard	528,484	45,746	3,964	49,710
Doubtful	562,132	187,634	4,216	191,850
Loss	558,551	124,351	-	124,351
	101,402,901	404,849	756,332	1,161,181

Ho Chi Minh City Development Joint Stock Bank

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13. PROVISION FOR CREDIT LOSSES (continued)

Changes in provision for credit losses during the current period are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Beginning balance	327,570	592,827	920,397
Arising up to 30 November 2017	569,659	163,505	733,164
Utilization up to 30 November 2017	(492,380)	-	(492,380)
Balance as at 30 November 2017	404,849	756,332	1,161,181
Arising during December 2017	58,835	2,563	61,398
Utilization during December 2017	(61,880)	-	(61,880)
Ending balance	401,804	758,895	1,160,699

Changes in provision for credit losses during the previous year are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Beginning balance	301,573	404,022	705,595
Arising during period	527,047	188,805	715,852
Utilization during period	(501,050)	-	(501,050)
Ending balance	327,570	592,827	920,397

14. INVESTMENT SECURITIES

14.1 Available-for-sale securities

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Debt securities		
Issued by the Government	30,323,311	18,153,613
Issued by other domestic credit institutions	800,000	-
Issued by domestic economic entities	5,162,202	5,259,048
	36,285,513	23,412,661
Equity securities		
Issued by domestic economic entities	1,132,219	854,692
	1,132,219	854,692
	37,417,732	24,267,353
Provision for available-for-sale securities		
- Provision for diminution in value	(76,093)	(91,220)
- General provision	(40,327)	(35,474)
- Specific provision	(237,741)	(237,741)
	(354,161)	(364,435)
Net amount	37,063,571	23,902,918

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14. INVESTMENT SECURITIES (continued)

14.1 Available-for-sale securities (continued)

- Government bonds in VND have term from three (3) to fifteen (15) years and bear interest at rates from 0.00% p.a. to 11.50% p.a., interest is paid annually. In which, the Bank used some bonds amounting to VND4,674,000 million as collaterals for borrowing at other credit institutions and for credit limit with the State Bank of Vietnam.
- Other credit institution deposit certificates have term one (1) year to three (3) year and bear interest at rates from 6.80% to 10.50% p.a., interest is paid annually.
- Bonds issued by other business entities have terms from one (1) to 10 (ten) years, interest is paid quarterly, semi-annually or annually. The current interest rate ranges 8.90% p.a. to 11.00% p.a. and is subject to change on a quarterly, semi-annually or annually basis depending on each type of bonds. Certain corporate bonds are secured by land use rights, real estate project and shares.

14.2 Held-to-maturity securities

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Government bonds (a)	1,474,123	5,772,021
Special bonds VAMC (b)	1,838,855	2,229,084
Vietnam Development Bank bonds (c)	503,846	519,708
Bonds issued by other local credit institutions - Unlisted (d)	5,797,823	2,500,000
	9,614,647	11,020,813
Provision for held-to-maturity securities		
- General provision	-	(1,499)
- Special bonds provision	(876,077)	(661,141)
Net amount	8,738,570	10,358,173

(a) These are Government bonds that have term of three (3) to five (5) years and bear interest at 5.00% to 6.9% per annum, interest is paid annually.

(b) These are special bonds issued by Vietnam Asset Management Company (VAMC) to purchase bad debts of the Bank. These bonds have term of five (5) years and bear interest at rate of 0.00%. Par value of these special bonds is the difference between the outstanding loan balance and the corresponding unused specific provision at the purchasing date.

Increase/ (decrease) movement of VAMC bonds during the year are as follows:

	<i>Current year</i> VND million	<i>Previous year</i> VND million
Beginning balance	2,229,084	3,012,652
Write-off during the year	(390,229)	(783,568)
Ending balance	1,838,855	2,229,084

(c) These bonds issued by Development Bank of Vietnam have terms in range from three (3) to ten (10) years and bear interest rate from 5.70% to 9.20% per annum, interest is paid annually.

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14. INVESTMENT SECURITIES

14.2 Held-to-maturity securities (continued)

- (d) Bonds issued by local credit institutions have term of one (1) to ten (10) years and bear interest at the rate in range from 6.76% to 10.50% per annum, interest is paid semi-annually or annually.

14.3 Analysis of securities classified as credit risk assets by quality

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Other economic entities bonds		
- Standard	4,862,202	4,959,048
- Loss	300,000	300,000
	5,162,202	5,259,048

14.4 Provision for investment securities

Changes in provision for investment securities during the year are as follows:

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Beginning balance		
Available-for-sale securities	364,435	132,126
Held-to-maturity securities (excluding special bonds issued by VAMC)	1,499	3,740
Special bond issued by VAMC	661,141	383,388
	1,027,075	519,254
Provision utilized for debts sold to VAMC	(6,210)	-
Provision/(reversal) in the year		
Available-for-sale securities (Note 33)	(10,274)	232,309
Held to maturity securities (excluding special bonds issued by VAMC) (Note 33)	(1,499)	(2,241)
Special bonds issued by VAMC (Note 13)	221,146	277,753
	203,163	507,821
Ending balance		
Available-for-sale securities	354,161	364,435
Held to maturity securities (excluding special bonds issued by VAMC)	-	1,499
Special bonds issued by VAMC	876,077	661,141
	1,230,238	1,027,075

15. LONG TERM INVESTMENTS

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Beginning balance	111,539	111,074
Arising during the year (Note 36)	311	465
Ending balance	111,850	111,539

Ho Chi Minh City Development Joint Stock Bank

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16. FIXED ASSETS

16.1 Tangible fixed assets

	<i>Buildings and structures VND million</i>	<i>Machinery and equipment VND million</i>	<i>Vehicles VND million</i>	<i>Office equipment VND million</i>	<i>Other fixed assets VND million</i>	<i>Total VND million</i>
Cost						
Beginning balance	428,367	152,165	172,711	241,122	9,120	1,003,485
Purchases	40,784	8,451	21,903	13,684	1,190	86,012
Disposal	(2,277)	(4,668)	(2,895)	(1,078)	(107)	(11,025)
Ending balance	466,874	155,948	191,719	253,728	10,203	1,078,472
Accumulated depreciation						
Beginning balance	69,209	112,996	104,610	184,741	6,945	478,501
Charged for the year	16,377	15,449	19,097	32,402	781	84,106
Disposal	(2,230)	(4,643)	(2,608)	(998)	(104)	(10,583)
Ending balance	83,356	123,802	121,099	216,145	7,622	552,024
Net book value						
Beginning balance	359,158	39,169	68,101	56,381	2,175	524,984
Ending balance	383,518	32,146	70,620	37,583	2,581	526,448

Cost of fully depreciated tangible fixed assets that are still in use as at 31 December 2017 is VND 276,428 million (31 December 2016: VND169,734 million).

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16. FIXED ASSETS (continued)

16.2 Intangible fixed assets

	<i>Definite-term land use rights VND million</i>	<i>Indefinite-term land use rights VND million</i>	<i>Computer software VND million</i>	<i>Other assets VND million</i>	<i>Total VND million</i>
Cost					
Beginning balance	45,386	759,438	181,223	1,901	987,948
Purchases	1,851	180,032	12,047	386	194,316
Disposal	-	(967)	(62)	-	(1,029)
Ending balance	<u>47,237</u>	<u>938,503</u>	<u>193,208</u>	<u>2,287</u>	<u>1,181,235</u>
Accumulated depreciation					
Beginning balance	2,067	-	157,304	1,601	160,972
Charged for the year	1,128	-	18,779	249	20,156
Disposal	-	-	(62)	-	(62)
Ending balance	<u>3,195</u>	<u>-</u>	<u>176,021</u>	<u>1,850</u>	<u>181,066</u>
Net book value					
Beginning balance	<u>43,319</u>	<u>759,438</u>	<u>23,919</u>	<u>300</u>	<u>826,976</u>
Ending balance	<u>44,042</u>	<u>938,503</u>	<u>17,187</u>	<u>437</u>	<u>1,000,169</u>

Cost of fully depreciated intangible fixed assets that are still in use as at 31 December 2017 is VND 139,679 million (31 December 2016: VND79,011 million).

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17. INVESTMENT PROPERTIES

Investment properties including land use rights with indefinite terms and buildings which were acquired by Asset Management Limited Company – Ho Chi Minh City Development Joint Stock Bank from bidding the foreclosed assets. However, those properties are held for the purpose of earning rental income or for the capital appreciation. The Board of Management believes could not estimate the fair value of investment properties due to lack of information as at the balance sheet date.

	<i>Buildings and structures VND million</i>	<i>Land use rights VND million</i>	<i>Total VND million</i>
Cost			
Beginning balance	13,599	75,166	88,765
Transferred from construction in progress	1,612	11,000	12,612
Disposal	(11,828)	(43,512)	(55,340)
Ending balance	<u>3,383</u>	<u>42,654</u>	<u>46,037</u>
Accumulated depreciation			
Beginning balance	384	-	384
Charged for the year	185	-	185
Disposal	(301)	-	(301)
Ending balance	<u>268</u>	<u>-</u>	<u>268</u>
Net book value			
Beginning balance	<u>13,215</u>	<u>75,166</u>	<u>88,381</u>
Ending balance	<u>3,115</u>	<u>42,654</u>	<u>45,769</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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18. OTHER ASSETS

18.1 Receivables

	<i>Notes</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Receivables from sale of securities on credit	(i)	1,646,701	3,236,182
Advances for acquisitions of fixed assets	(ii)	672,454	885,318
Receivables from disposals of fixed assets		280,000	315,000
Constructions in progress		247,247	139,386
Advances for operating activities		164,604	124,638
Deposit for rental office, fixed assets and tools		77,404	75,874
Advances for debt collateral resolution		24,806	24,338
Prepaid savings interest		22,645	23,594
Advances for investments		4,950	11,619
Receivable from Vietnam Shipbuilding Industry Corporation (Vinashin)		11,456	22,912
Receivables from entrusted deposits		6,979	8,909
Receivable from investment disposal		3,080	3,080
Deposits for rental/purchase office		-	160,000
Receivables from lease of Abacus Building		-	18,750
Others		261,321	240,787
		3,423,647	5,290,387

(i) The amount represents receivables from sale of securities to individuals and organisations on credit terms, which amounted to VND1,611,486 million of principal and VND35,215 million of accrual interest. The principal and interest will be collected at contract expiry date with interest adjustment annually. These receivables will become due in year 2018 and 2019.

(ii) Advances for acquisitions of fixed assets comprise:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Purchase of houses and offices	660,969	877,818
Transportation vehicles	7,942	-
Purchase of other assets	3,543	7,500
	672,454	885,318

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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18. OTHER ASSETS (continued)

18.2 Interest and fees receivable

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Loans interest	1,799,544	1,811,978
Interest on securities investment	1,565,205	1,277,929
Deposits interest	14,215	10,938
Other interest and fee	37,395	13,042
	3,416,359	3,113,887

18.3 Other assets

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Prepaid and deferred expenses	1,002,629	1,056,943
Foreclosed assets awaiting resolution	377,717	385,610
Tools and supplies	38,079	25,167
Good will	33,614	39,377
Other asset	3,450	3,450
	1,455,489	1,510,547

18.4 Provision for other assets

Provision for other assets is comprised of:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Other provisions	60,881	35,458

Changes in provision for credit risk during the year are as follow:

	<i>Current year</i> VND million	<i>Previous year</i> VND million
Beginning balance	35,458	38,989
Provision in the year (Note 36)	36,878	44,337
Provision used in the year	(11,455)	(47,868)
Ending balance	60,881	35,458

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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19. DUE FROM GOVERNMENT AND THE STATE BANK OF VIETNAM

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Japan Bank of International Cooperation (i)	132,815	155,844
Asian Development Bank (ii)	16,830	21,791
Development Fund for small and medium enterprise (iii)	6,608	-
	156,253	177,635

- (i) These borrowings were made under the Credit Financing for Small and Medium Enterprises Project - Phase II and Phase III funded by Japan Bank of International Cooperation (JBIC) through the SBV. According to the agreement dated 1 November 2007, the Bank obtained these loans to support enterprises which meet the criteria of the project. Principals will be paid under contracts' schedule, interest paid quarterly.
- (ii) These borrowings were made under the Credit Financing Project funded by Asia Development Bank through the SBV. According to the agreement dated 16 January 2006 and its amendments dated 24 November 2006 and 11 October 2010 signed with the SBV, total credit limit is VND68,000 million. The borrowings have a term of 20 years from 6 January 2004 and bear interest at rate equivalent to the average interest rate of all types of term deposits in the banking industry at end of each quarter.
- (iii) These borrowing were from Small and Medium Enterprise Development (SMEDF) which bears interest of 7.00% per annum, from 60 to 67 months. Principals and interest will be paid monthly.

20. DUE TO OTHER BANKS

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Due to other credit institutions	12,244,362	13,621,415
Borrowings from other credit institutions	24,973,016	6,063,250
	37,217,378	19,684,665

20.1 Deposits from other banks

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Demand deposits		
In VND	5,070,339	4,524,040
Term deposits		
In VND	6,508,000	5,773,525
In foreign currencies	666,023	3,323,850
	12,244,362	13,621,415

Ho Chi Minh City Development Joint Stock Bank

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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20. DUE TO OTHER BANKS

20.1 Deposits from other banks (continued)

Annual interest rates applicable to deposits from other banks at the year-end are as follows:

	<i>Ending balance</i> <i>% p.a.</i>	<i>Beginning balance</i> <i>% p.a.</i>
Term deposits in VND	1.00 - 2.60	3.50 - 5.50
Term deposits in foreign currencies	1.60 - 1.80	1.00 - 1.65

20.2 Borrowings from other banks

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Borrowings from local banks in VND	22,087,916	3,949,786
Borrowings from local and foreign banks in foreign currencies	2,885,100	2,113,464
	24,973,016	6,063,250

As at 31 December 2017, borrowings from other banks in VND have terms from 7 days to 364 days with interest rate ranging from 1.10% p.a. to 9.00% p.a..

Borrowings from local and foreign banks in foreign currencies have term from 2 months to 5 year and bear interest from 1.70% p.a. to 9.85% p.a..

Of these deposits and borrowings, VND24,785,213 million (31 December 2016: VND9,453,687 million) are secured by available for sale securities with total amount of VND 25,044,000 million (31 December 2016: VND9,716,000 million).

Ho Chi Minh City Development Joint Stock Bank

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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21. DUE TO CUSTOMERS

21.1 Analysis by products

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Demand deposits	14,554,660	9,813,269
Demand deposits in VND	13,202,716	9,258,445
Demand deposits in foreign currencies	1,351,944	554,824
Term deposits	30,232,906	22,874,767
Term deposits in VND	28,852,055	22,097,095
Term deposits in foreign currencies	1,380,851	777,672
Saving deposit	74,762,053	69,853,278
Savings deposits in VND	73,920,025	68,698,004
Savings deposits in foreign currencies	842,028	1,155,274
Deposits for specific purposes	537,286	229,095
In VND	229,300	223,164
In foreign currencies	307,986	5,931
Margin deposits	248,588	191,470
In VND	201,686	164,232
In foreign currencies	46,902	27,238
Other amounts owing to customers	201,976	337,892
Other savings deposits	201,976	337,892
	120,537,469	103,299,771

Annual interest rates applicable to customer deposits at the year-end are as follows:

	<i>Ending balance</i> <i>%</i>	<i>Beginning balance</i> <i>%</i>
Demand deposits in VND	0.00 - 1.00	0.00
Demand savings deposits in VND	0.7	0.07 - 1.00
Demand deposits in foreign currencies	0.00 - 0.2	0.00 - 0.01
Demand savings deposits in foreign currencies	0.00	0.00
Term deposits in VND	0.80 - 7.80	0.80 - 9.00
Term savings deposits in VND	0.00 - 9.50	0.20 - 9.50
Term deposits in foreign currencies	0.00	0.00
Term savings deposits in foreign currencies	0.00 - 1.60	0.00 - 1.60

In case term savings deposits are withdrawn before the maturity date, the demand interest rate shall be applied.

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21. DUE TO CUSTOMERS (continued)

21.2 Analysis by customers and type of business

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Deposits from economic entities	43,631,327	31,533,537
Other joint stock companies	20,443,288	11,601,598
100% State limited liability companies	6,315,561	4,502,869
Other State-owned enterprises	4,832,887	3,980,657
Other limited liability companies	4,270,906	3,543,040
Co-operatives	3,043,169	3,047,798
State joint stock companies	1,386,109	749,713
Joint-foreign-invested enterprises	520,122	1,109,087
State and administrative unit of Government	885,939	600,998
Joint-foreign-invested enterprises	749,557	540,521
Over 50% State limited liability companies	188,293	413,022
Private companies	21,961	57,222
Partnerships	6,054	4,902
Family household business	3,186	2,790
Others	964,295	1,379,320
Deposits from individuals	76,906,142	71,766,234
	120,537,469	103,299,771

22. OTHER BORROWED AND ENTRUSTED FUNDS

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Other borrowed and entrusted funds in VND	1,691	5,821
Rural Development Fund	1,691	5,821
Other borrowed and entrusted funds in foreign currencies	2,926,050	2,837,611
Rural Development Fund	1,191	1,259
Nhon Trach water supplies construction program for reforming power sector - Phase II	54,459	-
Support and development program for reforming power sector - Phase III (i)	2,870,400	2,836,352
	2,927,741	2,843,432

- (i) The borrowing amounting to USD128 million from the Ministry of Finance is to finance support program for reforming power sector - Phase III for a period of 29 years from 4 August 2015 to 4 August 2043 and bear interest of six-month US Dollar LIBOR plus spread adjusted periodically by World Bank on 1 January and 1 July each year.

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23. VALUABLE PAPER ISSUED

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Certificates of deposits		
Less than 12 months	1,035,000	70,014
From 12 months to 5 years	4,206,000	5,097,000
Over 5 years	92,000	-
Straight bonds		
From 12 months to 5 years	1,460,000	2,860,000
Over 5 years	3,000,000	3,000,000
	9,793,000	11,027,014

Interests from bonds with terms of under 10 years are paid annually with a fixed interest rate from 7.20% to 8.00% in the first year and at the floating interest rate set annually by the sum of the average of 12-month saving term deposits paid in arrears of four largest banks in Vietnam and a spread in range between 1.20% and 5.50% from the second year onward.

Interests from bonds with terms of over 10 years are paid annually with fixed interest rate from 7.70% p.a. to 8.50% p.a. in first five years. In case the bonds have not been redeemed by the Bank after 5 years, the applicable rate would be added by 0.50% p.a.

Annual interest rates applicable to straight bonds at the end of the year are as follows:

	<i>Ending balance</i> % p.a.	<i>Beginning balance</i> % p.a.
Certificate of deposits	5.50 – 14.00	1.00 – 13.00
Straight bonds from 12 months to less than 5 years	7.60 - 12.20	7.50 - 13.00
Straight bonds greater than 5 years	7.70 – 8.50	7.70 – 8.50

24. OTHER LIABILITIES

24.1 Interest and fees payable

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Interest on saving deposits in VND	1,902,225	1,748,016
Interest on deposits in VND	423,823	307,869
Interest on valuable papers in VND	164,489	194,869
Interest on borrowings in VND	153,586	169,104
Interest on entrusted funds	20,255	17,415
Interest on borrowings in foreign currencies	18,853	8,464
Foreign currency swap contracts	11,933	11,798
Interest on deposits in foreign currencies	280	4,267
Foreign currency forward contracts	72	1,302
Interest on saving deposits in foreign currencies	349	146
	2,695,865	2,463,250

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24. OTHER LIABILITIES (continued)

24.2 Other payables

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Internal payables	89,452	99,420
Bonus and welfare Fund	78,373	90,426
Payables to employees	11,079	8,994
External payables	795,871	466,847
Cash held in trust and awaiting payment	329,776	171,219
Payables to suppliers	167,839	69,550
Payables from capital contribution	150,000	-
Corporate income tax payables (Note 25)	65,072	92,512
Commission payables	42,101	113,943
VAT payables (Note 25)	30,500	7,344
Other tax payables (Note 25)	10,583	6,727
Abacus management fee	-	5,552
Other payables	292,038	280,269
Unearned revenue	86,358	71,716
Payables to construction in progress	3,188	2,764
Other payables	202,492	205,789
	1,177,361	846,536

25. STATUTORY OBLIGATIONS

	<i>Beginning balance</i> VND million	<i>Movement during the year</i>		<i>Ending balance</i> VND million
		<i>Payable</i> VND million	<i>Paid</i> VND million	
Value added tax	7,344	61,448	(38,292)	30,500
Corporate income tax	92,512	466,302	(493,742)	65,072
Other taxes	6,727	77,100	(73,244)	10,583
Personal income tax	6,369	68,529	(64,724)	10,174
Withholding tax	358	7,045	(6,994)	409
License tax	-	244	(244)	-
Others	-	1,282	(1,282)	-
	106,583	604,850	(605,278)	106,155

25.1 Current corporate income tax

The Bank and its subsidiaries have the obligations to pay corporate income tax ("CIT") at the rate of 20% of taxable profits (previous year: 20%).

Tax declarations of the Bank and its subsidiaries are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and regulations in Vietnam, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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25. STATUTORY OBLIGATIONS (continued)

25.1 Current corporate income tax (continued)

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of income because it excludes items of income or expenses that are taxable or deductible in other years due to the difference between accounting and tax regulations and it further excludes items that are never taxable or deductible. The Bank and its subsidiaries' liability for current tax is calculated by using tax rates that have been enacted by the consolidated balance sheet date.

Current CIT during the year is calculated as follows:

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Profit before tax	2,416,782	1,147,633
CIT at the rate of 20% applied to the Bank and subsidiaries	483,356	229,527
Adjustments reduced:		
- Income from non-taxable dividends	(8,776)	(2,457)
- Tax calculation is used	-	(24)
- Other adjustments	(15,120)	(6,202)
Adjustments increased:		
- Adjustment according to tax finalization	404	-
- Adjustment of profits from consolidation of financial statements	1,152	1,152
- Other adjustments	5,286	4,814
CIT expense in the year	466,302	226,810

25.2 Deferred CIT

	<i>Consolidated balance sheet</i>		<i>Effect on the consolidated income statement</i>	
	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Deferred tax assets				
Loss/(Gain) on exchanges differences	1,438	(2,489)	3,927	(6,325)
Provision for investments securities	19,800	19,800	-	-
	21,238	17,311		
Net deferred CIT income			3,927	(6,325)

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26. OWNERS' EQUITY

26.1 Statement of changes in owners' equity

Items	Charter capital VND million	Share premium VND million	Treasury shares VND million	Development and investment reserve VND million	Reserves VND million	Retained earnings VND million	Non-controlling interests VND million	Total VND million
Beginning balance	8,100,000	4,599	(2)	89	465,280	747,047	625,630	9,942,643
1 st Capital increase (*)	729,000	-	-	-	(162,000)	(567,000)	-	-
2 nd Capital increase (**)	981,000	2,037,656	-	-	-	-	-	3,018,656
Net profit after-tax for the year	-	-	-	-	-	1,746,487	207,920	1,954,407
Reserves made for previous year	-	-	-	-	154,028	(154,028)	-	-
Bonus and welfare	-	-	-	-	-	(3,000)	-	(3,000)
Dividends in the year	-	-	-	-	-	-	(150,000)	(150,000)
Reserves used during the year	-	-	-	-	(3,600)	-	-	(3,600)
Ending balance	9,810,000	2,042,255	(2)	89	453,708	1,769,506	683,550	14,759,106

(*) On 17 October 2017, the State Bank of Vietnam approved for the Bank increase its charter capital from VND8,100,000,000,000 to VND8,828,999,810,000 by issuing ordinary shares to pay dividend from retained earnings and bonus shares from capital supplementary reserve. Accordingly, the Bank registered with the SSC and issued 72,899,981 shares, which increased the number of outstanding ordinary shares of the Bank to 882,899,773 shares.

(**) On 7 December 2017, the SBV approved for the Bank to increase its chartered capital from VND8,828,999,810,000 to VND9,809,999,790,000. Accordingly, the Bank registered to the State Securities Commission and issued 98,099,998 shares, which increased the number of outstanding ordinary shares of the Bank to 980,999,771 shares.

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26. OWNER'S EQUITY (continued)

26.1 Statement of changes in owners' equity (continued)

Changes in the Bank and its subsidiaries' reserves during the year are presented below:

Items	Development reserve VND million	Financial reserve VND million	Capital supple- mentary reserve VND million	Other reserve VND million	Total VND million
Beginning balance	70	272,105	164,794	28,311	465,280
Capital increase	-	-	(162,000)	-	(162,000)
Appropriation to reserves	-	89,006	45,022	20,000	154,028
Reserves used during the year	-	-	-	(3,600)	(3,600)
Ending balance	70	361,111	47,816	44,711	453,708

26.2 Statutory reserves of the Bank and its subsidiaries

The Bank and its subsidiaries make the statutory reserves in compliance with Law on Credit Institutions No. 47/2010/QH12, Decree No. 93/2017/ND-CP and the Charter of the Bank and its subsidiaries as follows:

	% of profit after tax	Maximum balance
Capital supplementary reserve	5.00% of profit after tax	100% of charter capital
Financial reserve	10.00% of profit after tax	Not specified

26.3 Dividends

	Current year VND million	Previous year VND million
Dividend payables at beginning of the year	755	742
Dividend payables during the year	150,000	810,000
Dividend paid during the year	(150,000)	(809,987)
Dividend payables at the year-end	755	755

On 19 July 2017, Members Council of HD SAISON Finance Co., Ltd approved to pay dividend at VND300 billion from retained earnings to capital contributed members corresponding to their capital apportion at HD SAISON Finance Co., Ltd.

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27. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Bank (after adjusted for appropriation of bonus and welfare reserves) by the weighted average number of ordinary shares outstanding during the year.

There is no events occurring after the balance sheet date lead to the dilution of earnings per share.

Information for basic earnings per share calculation of the Bank is as follows:

	<u>Current year</u>	<u>Previous year</u>
Net profit attributable to ordinary shareholders of the Bank in the year (VND million)	1,746,487	738,132
Adjustment for appropriation to bonus and welfare funds (VND million)	-	(3,000)
Net profit attributable to ordinary shareholders for basic earnings per share calculation (VND million)	1,746,487	735,132
Weighted average number of outstanding ordinary shares (shares)	888,275,115	882,899,773
Basic earnings per share (VND/share)	<u>1,966</u>	<u>833</u>

28. INTEREST AND SIMILAR INCOME

	<u>Current year</u> VND million	<u>Previous year</u> VND million
Loans and advances to banks and customers	11,589,319	8,988,316
Trading and investing debt securities	2,314,151	1,663,479
- Investing securities	2,236,990	1,663,479
- Trading securities	77,161	-
Placements with other banks	197,359	156,845
Guarantee services	52,513	59,809
Other credit activities (*)	805,739	452,853
	<u>14,959,081</u>	<u>11,321,302</u>

(*) Of which, VND400,992 million is the interest payment from individuals and corporates under contracts to sell securities on credit terms (Note 18.1).

29. INTEREST AND SIMILAR EXPENSES

	<u>Current year</u> VND million	<u>Previous year</u> VND million
Due from customers	6,812,155	5,277,393
Debts issued	1,053,005	914,654
Borrowings	378,432	246,132
Other interest expenses	368,189	205,043
	<u>8,611,781</u>	<u>6,643,222</u>



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30. NET FEE AND COMMISSION INCOME

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Fee and commission income		
- Settlement services	122,376	115,093
- Treasury services	12,188	11,634
- Trust and agent services	153	24
- Maintenance assets and insurance services	67,387	305
- Others	66,536	40,264
	268,640	167,320
Fee and commission expenses		
- Settlement services	(42,078)	(37,001)
- Treasury services	(6,908)	(5,546)
- Postal and telecommunication	(4,619)	(2,373)
- Trust and agent services	(159)	(185)
- Advisory services	-	(26)
- Commission	(6,735)	(26)
- Others	(11,708)	(3,939)
	(72,207)	(49,096)
Net fee and commission income	196,433	118,224

31. NET INCOME FROM FOREIGN CURRENCIES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Income from foreign exchange		
Income from gold trading	1,555,842	488,957
Income from spot foreign exchange	4,364,791	3,536,281
Income from currency derivatives	194,399	240,106
	6,115,032	4,265,344
Expense from foreign exchange		
Expense from gold trading	(1,555,591)	(486,875)
Expense from spot foreign exchange	(4,312,326)	(3,474,350)
Expense from currency derivatives	(89,678)	(94,835)
	(5,957,595)	(4,056,060)
Net income from foreign exchange	157,437	209,284

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32. NET INCOME FROM SECURITIES HELD FOR TRADING

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Income from securities held for trading	12,474	78,644
Expense from securities held for trading	(6,829)	-
Reversed general provision for securities held for trading (Note 9)	63	3,859
Net income from securities held for trading	5,708	82,503

33. NET INCOME FROM INVESTMENT SECURITIES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Income from available-for-sales securities (*)	504,650	397,435
Expenses from available-for-sales securities	(31,528)	(16,208)
Arising/(reversed) provision for available-for-sale securities (Note 14.4)	10,274	(232,309)
Net income from available-for-sale securities	483,396	148,918
Reversed general provision for held-to-maturity securities (Note 14.4)	1,499	2,241
Net income from held-to-maturity securities	1,499	2,241
Net income from investment securities	484,895	151,159

(*) Cost of funds for Government bonds investment after deducting the discount/premium and accrued interest (if any) amounted to VND 247,108 million.

34. NET INCOME FROM OTHER OPERATING ACTIVITIES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Other operating income		
Recovery of written-off debts	171,947	89,342
Recovery from selling debts	9,771	-
Office rental	37,938	26,877
Disposals of fixed assets and investment properties	11,378	19,756
Other income	68,070	59,144
	299,104	195,119
Other operating expenses		
Goodwill (Note 5)	(5,763)	(5,763)
Sponsoring cost	(2,449)	(2,663)
Other expenses	(20,727)	(20,002)
	(28,939)	(28,428)
Net operation income	270,165	166,691

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35. INCOME FROM LONG-TERM INVESTMENTS

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Dividends received from Equity securities	43,024	2,814
Dividends received from capital contributions and long-term investments	857	9,471
	43,881	12,285

36. OPERATING EXPENSES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Tax payment and other fees	2,912	2,818
Personnel expenses	2,003,352	1,467,206
Employees remuneration	1,811,596	1,319,385
Salary and allowance	153,798	114,435
Salary related allowance	37,958	33,386
Depreciation and amortization expense	104,447	116,835
Depreciation expenses on fixed assets	104,447	116,835
Expense for public affairs administration	47,449	39,474
Expense relating to business trips	43,982	36,787
Union activities	3,467	2,687
Insurance expenses, insurance for customers' deposits	110,839	84,241
Provision expense/(reversal) (excluding provision for credit loss, investment)	37,189	44,352
Reversed provision for credit institution deposits (Note 8.1)	-	(450)
Provision for other assets (Note 18.4)	36,878	44,337
Provision expense for financial investment (Note 15)	311	465
Other operating expenses	1,766,089	1,522,062
Advertising, marketing, promotion and entertainment	831,553	635,994
Administrative expenses	373,132	374,088
Office rental	228,941	203,947
Repair and maintenance	119,268	98,923
Post and telecommunication	90,089	119,497
Tools and equipment	76,306	64,519
Others	46,800	25,094
	4,072,277	3,276,988

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37. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flows statement comprises the following balances in the consolidated balance sheet:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Cash in VND	903,430	674,017
Cash in foreign currencies	585,469	952,494
Monetary gold	22,730	9,499
Balances with the SBV	1,922,256	2,389,302
Demand deposits in other banks	12,928,307	12,935,314
Placement with other banks with term not exceeding 3 months	6,722,300	3,036,000
Loans to other banks with term not exceeding 3 months	2,104,561	2,608,733
	25,189,053	22,605,359

38. EMPLOYEES' INCOME

	<i>Current year</i> VND million	<i>Previous year</i> VND million
I. Total number of employees (persons)	12,645	10,006
II. Employees' income (VND million)		
1. Total salary	1,717,945	1,245,639
2. Other income	93,651	73,746
3. Total income (1+2)	1,811,596	1,319,385
4. Average monthly salary (VND million/person)	11.32	10.37
5. Average monthly income (VND million/person)	11.94	10.99

39. COLLATERALS AND MORTGAGES

39.1 *Assets and valuable papers of customers pledged, discounted*

a) *Assets and valuable papers of customers pledged, discounted*

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Real estate properties	126,515,406	100,908,041
Valuable papers	52,763,956	48,059,753
Movable assets	31,246,659	25,982,408
Other assets	58,842,927	33,670,035
	269,368,948	208,620,237

b) *Assets and valuable papers of other credit institutions mortgaged, pledged and discounted*

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Valuable papers	300,000	450,000

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39. COLLATERALS AND MORTGAGES (continued)

39.2 *Mortgaged, pledged and discounted valuable papers and assets*

Breakdown of the Bank and its subsidiaries' financial assets mortgaged, pledged and discounted for borrowings or securities transferred under purchase and repurchases agreements with SBV and other credit institutions as at 31 December 2017 and 31 December 2016 are as follows:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Valuable papers	25,044,000	9,716,000

40. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank and its subsidiaries are parties to financial instruments which are recorded as off-balance sheet items as of 31 December 2017. These financial instruments mainly comprise guarantee commitments and commercial letters of credit. These instruments involve elements of credit risk out of the items recognized in the consolidated balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank and its subsidiaries to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, and performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending loans to other customers.

Commercial at sight letters of credit represents a financing transaction by the Bank and its subsidiaries to its customer who is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk from this type of letters of credit is limited as the merchandise shipped serves as collateral for the transaction.

Deferred payment letters of credits represent the amounts at risk should the contract be fully effected but the client defaults in repayment to the beneficiary. Deferred payment letters of credit that defaulted by clients are recognized by the Bank and its subsidiaries as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank and its subsidiary to pay the beneficiaries and to fulfil the guarantor obligation.

Guarantee commitment is the commitment issued by the Bank and its subsidiaries to guarantee the performance of the customers to a third party including guarantee for borrowings, settlement, performing contracts and bidding... Credit risk of the borrowing guarantee, settlement guarantee in general is essentially the same as that involved in extending loans to other customers, while other guarantees, the risk is lower.

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40. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Risk of the letter of credit is usually lower, in condition that the Bank and its subsidiaries can control goods. Deferred letter of credit may have contingent risk higher than at sight letter of credit. Deferred payment letters of credit that were defaulted by clients are recognized by the Bank and its subsidiary as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank and its subsidiaries to pay the beneficiaries and to fulfill the guarantor obligation.

The Bank and its subsidiaries require margin deposits to support credit-related financial instruments when it is deemed necessary. The margin deposit required varies from nil to 100% of the value of a commitment granted, depending on the creditworthiness of clients as assessed by the Bank and its subsidiaries.

The currency trading commitments are commitments to purchase, sell at spot and currency swap commitments. Commitments to purchase, sell at spot are commitments to purchase, sell currency according to exchange rate dealt and payment within 2 (two) days since transaction date. Currency swap commitments are commitments to purchase and sell with the same notional principal amount (only two currencies used for transaction) to one client, including one transaction for term payment at spot and one transaction for term payment in the future with the exchange rate of both transactions determined at spot transaction date.

Details of outstanding commitments and contingent liabilities at the year-end are as follows:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Credit guarantees	9,052	9,862
Foreign exchange commitments	41,764,910	35,669,948
<i>Spot foreign exchange commitments - buy</i>	3,880,370	2,942,536
<i>Spot foreign exchange commitments - sell</i>	3,166,761	1,288,271
<i>Cross currency swap contracts</i>	34,717,779	31,439,141
Letters of credit	1,127,402	1,092,889
<i>At sight letters of credit</i>	472,710	556,085
<i>Deferred letters of credit</i>	654,692	536,804
Other guarantees	3,569,437	2,730,003
<i>Settlement guarantee</i>	1,109,368	561,255
<i>Contract performance guarantee</i>	759,239	529,226
<i>Bid guarantee</i>	41,994	83,945
<i>Other guarantees</i>	1,658,836	1,555,577
	46,470,801	39,502,702
Less: Margin deposits	(231,568)	(183,179)
Contingent liabilities and commitments	46,239,233	39,319,523

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41. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank and its subsidiaries are related. Parties are considered as related parties if one party is able to control over or significantly influence to the other party in making decision of financial and operational policies. A party is deemed to be related to the Bank and its subsidiaries if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - ▶ controls the Bank and its subsidiaries (including parents and subsidiaries);
 - ▶ has an interest (owing 5% or more of the charter capital or voting share capital) in the Bank and its subsidiaries that gives it significant influence over the Bank and its subsidiaries;
 - ▶ has joint control over the Bank and its subsidiaries;
- (b) The party is a joint venture in which the Bank and its subsidiaries are ventures (owning over 11% of the charter capital or voting share capital but is not a subsidiary of the Bank and its subsidiaries);
- (c) The party is a member of the key management personnel (including Chief Financial Officer and Chief Accountant) of the Bank and its subsidiaries or its parent Company;
- (d) The party is a close member of the family of any person referred to in (a) or (c); or
- (e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any person referred to in (c) or (d).

Significant transactions with related parties in the current year are as follows:

<i>Related party</i>	<i>Transactions</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
Major shareholders and related parties of major shareholders	Deposits and interest paid	21,581,337	8,408,656
	Withdraw	21,183,882	8,460,840
	Interest from loans	43,614	-
	Interest from corporate bonds	31,500	31,287
Companies in which the Bank has long-term investments	Deposits and interest paid	62,545,631	32,447,722
	Withdraw	60,047,851	32,221,179
	Loans	3,513,207	1,096,659
	Interest income	10,938	21,949
Member of Board of Directors and Board of Managements and other related parties to these individuals	Deposits and interest paid	43,052,052	4,252,795
	Withdraw	42,769,518	4,590,134
	Loan, guarantee and mortgage	9,957,672	577,823
	Debt collected	1,191,348	169,322
	Interest debts collected	22,228	2,661
	Salary and bonus	48,309	38,359

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41. RELATED PARTY TRANSACTIONS (continued)

Significant transactions with related parties in the current year are as follows:

Related party	Transactions	Receivables/(Payables)	
		Ending balance VND million	Beginning balance VND million
Major shareholders and related parties of major shareholders	Term deposits	(603,041)	(186,952)
	Demand deposits	(7,489)	(20,974)
	Treasury deposits	(46)	(46)
	Loans	474,300	474,300
	Available-for-sale securities	350,000	350,000
	Accrual interest from debt available-for-sale securities	23,819	23,819
	Accrued interest	830	394
Companies in which the Bank has long	Term deposits	(3,206,754)	(837,775)
	Demand deposits	(199,811)	(151,002)
	Loans	865,153	342,812
	Accrued interest	405	5,474
	Guaranteed and treasury deposit	(437)	(23)
	Receivables from transferring properties	-	315,000
	Rental deposit	-	20,000
	Advances for capital contribution to HDREAL	-	6,669
Member of Board of Directors and Board of Managements and other related parties to these individuals	Demand deposits	(93,670)	(99,098)
	Savings	(729,810)	(429,976)
	Loans, guarantee and mortgage	5,913	440,118
	Accrued interest	92	4,328

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

	Domestic VND million	Overseas VND million	Total VND million
Assets at 31 December 2017 (*)			
Due from and loans to other banks	21,199,998	661,170	21,861,168
Loans and advances to customers	104,497,028	-	104,497,028
Trading securities and investment securities	51,725,777	-	51,725,777
Other long term investments	490,087	-	490,087
Liabilities at 31 December 2017			
Due to and borrowings from other credit institutions	36,491,938	725,440	37,217,378
Customer deposits	120,537,469	-	120,537,469
Derivatives and other financial instruments (Total contract value)	20,369,172	-	20,369,172
Grants, entrusted funds and loans exposed to risks	2,927,741	-	2,927,741
Valuable papers issued	9,793,000	-	9,793,000
Off-balance-sheet commitments at 31 December 2017	46,470,801	-	46,470,801

(*) Provision for credit losses is not included.

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43. INFORMATION BY GEOGRAPHICAL REGIONS

Information on income, expenses and assets and liabilities of each segment by geographical area of the Bank as at 31 December 2017 and for the financial year from 1 January 2017 to 31 December 2017 as follows:

	<i>Northern VND million</i>	<i>Central VND million</i>	<i>South VND million</i>	<i>Total submitted VND million</i>	<i>Eliminated VND million</i>	<i>Total VND million</i>
Interest and similar income	4,565,556	1,736,906	25,451,192	31,753,654	(16,794,573)	14,959,081
Interest and similar expenses	(3,624,873)	(1,312,600)	(20,468,881)	(25,406,354)	16,794,573	(8,611,781)
Net interest and similar income	940,683	424,306	4,982,311	6,347,300	-	6,347,300
Non-interest income	64,773	8,922	1,084,824	1,158,519	-	1,158,519
TOTAL OPERATING INCOME	1,005,456	433,228	6,067,135	7,505,819	-	7,505,819
TOTAL OPERATING EXPENSES	(382,243)	(203,957)	(3,486,077)	(4,072,277)	-	(4,072,277)
Net operating profit before provision for credit losses	623,213	229,271	2,581,058	3,433,542	-	3,433,542
Provision for credit losses	(88,813)	(30,138)	(897,809)	(1,016,760)	-	(1,016,760)
PROFIT BEFORE TAX	534,400	199,133	1,683,249	2,416,782	-	2,416,782
ASSETS						
Cash	386,215	187,887	937,527	1,511,629	-	1,511,629
Due to the State Bank of Vietnam and other credit institutions	38,619	59,895	23,684,910	23,783,424	-	23,783,424
Loans to customers	21,417,211	11,638,925	71,440,892	104,497,028	-	104,497,028
Debt purchasing	-	-	7,749	7,749	-	7,749
Investment	2,907,109	15,202	49,293,553	52,215,864	-	52,215,864
Other assets	7,245,879	337,668	8,885,479	16,469,026	(6,579,907)	9,889,119
TOTAL ASSET	31,995,033	12,239,577	154,250,110	198,484,720	(6,579,907)	191,904,813
LIABILITIES						
Borrowing from the State Bank of Vietnam	83	-	156,170	156,253	-	156,253
Due to and borrowings from other credit institutions	18	-	37,217,360	37,217,378	-	37,217,378
Due to customer	29,777,699	9,902,649	80,857,121	120,537,469	-	120,537,469
Other liabilities	1,292,185	2,041,219	19,910,568	23,243,972	(6,579,907)	16,664,065
TOTAL LIABILITIES	31,069,985	11,943,868	138,141,219	181,155,072	(6,579,907)	174,575,165

44. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Bank and its subsidiary' activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank and its subsidiary' continuing profitability and each individual within the Bank and its subsidiaries are accountable for the risk prevention within his or her responsibilities. The Bank and its subsidiaries are exposed to credit risk, liquidity risk and market risk (then being subdivided into trading and non-trading risks). The Bank and its subsidiaries are also subject to various operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank and its subsidiaries' policy are to monitor those business risks through the Bank and its subsidiary' strategic planning process.

(i) *Risk management structure*

The Board of Directors is ultimately responsible for identifying and controlling risks. However, each separate member shall be responsible for managing and monitoring risks.

(ii) *Board of Directors*

The Board of Directors is responsible for monitoring the overall risk management process within the Bank and its subsidiaries.

(iii) *Risk Management Committee*

Risk Management Committee advises the Board of Directors in the promulgation of procedures and policies under their jurisdiction relating to risk management in the Bank and its subsidiary' activities.

Risk Management Committee analyses and provides warnings on the potential risks that may affect the Bank and its subsidiary' operation and preventive measures in the short term as well as long term.

Risk Management Committee reviews and evaluates the appropriateness and effectiveness of the risk management of procedures and policies of the Bank and its subsidiary to make recommendations to the Board of Directors on the improvement of procedures, policies and operational strategies.

(iv) *Board of Supervision*

The Board of Supervision has the responsibility to control the overall risk management process within the Bank and its subsidiaries.

(v) *Internal Audit*

According to the annual internal audit plan, business processes throughout the Bank and its subsidiaries' are audited annually by the internal audit function, which examines both the adequacy of the procedures and compliance with the Bank and its subsidiaries' procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Board of Supervision.

(vi) *Risk measurement and reporting systems*

The Bank and its subsidiaries' risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models.

Monitoring and controlling of risks is primarily performed based on limits established by the Bank and its subsidiaries in compliance with the State Bank of Vietnam's regulations. These limits reflect the business strategy and market environment of the Bank and its subsidiary as well as the level of risk that the Bank and its subsidiaries are willing to accept.

44. FINANCIAL RISK MANAGEMENT (continued)

(vi) *Risk measurement and reporting systems* (continued)

Information compiled from all business activities is examined and processed in order to analyze, control and early identify risks. This information is presented and explained to the Board of Management, Board of Directors, and the department heads. The report includes aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Board of Directors assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Board of Directors receives a comprehensive risk report quarterly which is designed to provide all the necessary information to assess and conclude on the risks of the Bank and its subsidiaries.

For all levels throughout the Bank and its subsidiaries, specifically tailored risk reports is prepared and distributed in order to ensure that all business departments have access to extensive, necessary and up-to-date information.

(vii) *Minimizing credit risks*

The Bank and its subsidiaries have actively used collateral to minimize credit risk.

(viii) *Excessive risk concentration*

Concentrations arise when a number of counterparties of the Bank and its subsidiary are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would affect the group of customers' payment obligations or payment receipt rights when due under changes in economic, political or other conditions.

These above concentrations indicate the relative sensitivity of the Bank and its subsidiary's performance to the developments of a particular industry or geographic allocation.

In order to avoid excessive concentrations of risk, the Bank and its subsidiary's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly. Selective hedging is used within the Bank and its subsidiary in respect of the industries and other related factors.

45. CREDIT RISK

Credit risk is the risk that the Bank and its subsidiaries will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank and its subsidiaries manage and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank and its subsidiaries have established a credit quality review process to provide early identification of possible changes in the financial position and creditworthiness of counterparties based on qualitative and quantitative indicators. Counterparty's limits are established by the use of a credit rating system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

The effective interest rates on deposits with the SBV, placements with and loans to other banks, loans and advances to customers in currencies are presented in Notes 7, 8, and 11 21 respectively.

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45. CREDIT RISK (continued)

45.1 Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposures to credit risk relating to each group of financial assets, which are equivalent to their book values on the consolidated balance sheet, are listed below:

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Credit risk exposures of balance sheet items		
Due from and loans to other credit institutions	21,861,168	18,580,047
Trading securities – Debt securities	800,000	400,000
Loans to customers:		
- Individuals	47,384,798	36,729,422
- Corporates	57,112,230	45,494,950
Debts purchased	7,749	8,690
Investment securities		
<i>Debt securities - available-for-sale</i>	5,962,202	5,259,048
<i>Debt securities - held-to-maturity</i>	5,797,823	2,500,000
Credit risk exposures of off-balance sheet items		
Financial guarantees	3,578,489	2,739,865
Letters of credit	1,127,402	1,092,889

This table presents the worst scenario which the Bank and its subsidiaries will incur the maximum credit exposures as at 31 December 2017 and 31 December 2016, without taking into account of any collateral held or their credit enhancements.

45.2 Financial assets neither past due nor impaired

The Bank and its subsidiaries's financial assets which are neither past due nor impaired comprise loans to customers classified as Group 1 (Current) loans in accordance with Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN; securities, receivables and other financial assets which are not past due and no provision is required in accordance with Circular No. 228/2009/TT-BTC and Circular No. 89/2013/TT-BTC issued at 28 June 2013.

The Bank and its subsidiaries see that they have absolutely capacity to fully and timely recover these financial assets in the futures.

45.3 Financial assets past due but not impaired

The age of financial assets past due but not impaired as at 31 December 2017 is presented below:

	<i>Past due</i>				<i>Total</i> VND million
	<i>Less than</i> 90 days VND million	<i>From 91 to</i> 180 days VND million	<i>From 181 to</i> 360 days VND million	<i>More than</i> 360 days VND million	
Loans to customers	807,825	218,599	93,348	266,004	1,385,776

Loans that are overdue but not discounted are overdue loans but not required to make provisions as the Bank holds all collaterals in the form of counterparty deposits, real estate, movable assets, valuable papers and other types of collateral.

46. MARKET RISK

46.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair values of financial instruments. The Bank and its subsidiary are exposed to interest rate risk as a result of mismatches of maturity dates or dates of interest rate re-pricing in respect of assets, liabilities and off-balance sheet instruments over a certain period. The Bank and its subsidiary manage this risk by matching the dates of interest rate re-pricing of assets and liabilities.

Analysis of assets and liabilities based on interest rate re-pricing date

Re-pricing term of the effective interest rate is the remaining period from the date of the consolidated financial statements to the nearest re-pricing date of interest rate applicable to assets and equity.

The following assumptions and conditions are used in analysis of the re-pricing period of interest rates of the Bank's assets and liabilities:

- ▶ Cash and gold; investment in equity securities; long-term investment and other assets (including fixed assets, investment properties and other assets) are classified as non-interest bearing items;
- ▶ The re-pricing term of balances with the State Bank of Vietnam is considered as up to one-month;
- ▶ The re-pricing term of investment securities and held-for-trading securities is calculated based on the time to maturity from the balance sheet date for each type of securities;
- ▶ The re-pricing term of placements with other banks and loans to other banks; loans to customers; borrowings from the Government and the State Bank of Vietnam; placements from other credit institutions and borrowings from other credit institutions; due to customers are determined as follows:
 - Items which bear fixed interest rate during the contractual term: The re-pricing term is determined based on the time to maturity from the consolidated balance sheet date.
 - Items which bear floating interest rate: The re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the consolidated balance sheet date.
- ▶ The re-pricing term of valuable papers is determined based on the time to the nearest interest rate re-pricing date from the consolidated balance sheet date.

The following table presents the interest re-pricing period of the Bank and its subsidiaries' assets and liabilities as at 31 December 2017.

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46. MARKET RISKS (continued)

46.1 Interest rate risk (continued)

	Interest re-pricing period								
	Overdue VND million	Non- interest bearing VND million	Up to 1 month VND million	1 -3 months VND million	3 -6 months VND million	6 – 12 months VND million	1 – 5 years VND million	Over 5 years VND million	Total VND million
Assets									
Cash and gold	-	1,511,629	-	-	-	-	-	-	1,511,629
Balances with the State Bank of Vietnam	-	-	1,922,256	-	-	-	-	-	1,922,256
Due from and loans to other banks - gross	-	-	19,055,168	2,806,000	-	-	-	-	21,861,168
Trading securities – gross	-	4,693,398	-	-	-	-	-	-	4,693,398
Loans and advances to customers - gross	3,393,666	-	7,605,911	85,819,093	1,691,708	3,282,030	2,704,620	-	104,497,028
Debt purchasing – gross	7,749	-	-	-	-	-	-	-	7,749
Investment securities – gross	300,000	2,971,074	1,033,211	1,857,348	2,800,000	5,704,921	27,603,704	4,762,121	47,032,379
Long-term investments - gross	-	490,087	-	-	-	-	-	-	490,087
Fixed assets	-	1,526,617	-	-	-	-	-	-	1,526,617
Investment properties	-	45,769	-	-	-	-	-	-	45,769
Other assets – gross	79,013	3,419,261	296,406	3,257,796	525,740	603,213	118,071	17,233	8,316,733
Total assets	3,780,428	14,657,835	29,912,952	93,740,237	5,017,448	9,590,164	30,426,395	4,779,354	191,904,813
Liabilities									
Borrowings from the Government and the SBV	-	-	-	156,253	-	-	-	-	156,253
Due to and borrowings from other banks	-	-	33,766,240	334,998	668,100	714,700	612,090	1,121,250	37,217,378
Due to customers	-	64,743	47,654,485	22,945,092	21,615,664	22,713,949	5,541,709	1,827	120,537,469
Derivatives and other financial instruments	-	70,098	-	-	-	-	-	-	70,098
Grants, entrusted funds and loans exposed to risks	-	-	2,882	2,870,400	-	-	-	54,459	2,927,741
Valuable papers issued	-	-	1,210,000	1,721,000	751,000	2,046,000	1,473,000	2,592,000	9,793,000
Other liabilities – gross	-	1,344,438	435,153	693,331	698,270	540,549	69,940	91,545	3,873,226
Total liabilities	-	1,479,279	83,068,760	28,721,074	23,733,034	26,015,198	7,696,739	3,861,081	174,575,165
In-balance sheet interest sensitivity gap	3,780,428	13,178,556	(53,155,808)	65,019,163	(18,715,586)	(16,425,034)	22,729,656	918,273	17,329,648

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46. MARKET RISKS (continued)

46.1 Interest rate risk (continued)

At the reporting date, the Bank performed sensitivity analyzes for interest rates for the fiscal year ended 31 December 2017. Accordingly, if the interest rate increased by 0.2% the after-tax profit of the Bank will decrease VND47,104 million. If the interest rate is reduced by 0.2%, then the profit after tax of the Bank will increase by VND47,104 million.

Subsidiaries have not performed a sensitivity analysis for interest rates for the financial year ended 31 December 2017 and are in the process of developing and finalizing the asset-liability management model (ALM). Consulted by foreign consultants, including interest rate risk analysis and sensitivity analysis of net interest income through changing market interest rates.

46.2 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Bank and its subsidiaries are incorporated and operating in Vietnam with reporting currency as VND. The major currency of its transaction is also VND; some transactions are denominated in gold, USD, EUR and other foreign currencies. The Bank and its subsidiary have set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure positions of the currencies are maintained within the established limits.

The exchange rates of key foreign currencies to VND at the reporting date are presented at Note 50.



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46. MARKET RISKS (continued)

46.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 31 December 2017:

	<i>EUR equivalent VND million</i>	<i>USD equivalent VND million</i>	<i>Gold equivalent VND million</i>	<i>Other currencies equivalent VND million</i>	<i>Total VND million</i>
Assets					
Cash and gold	111,406	407,158	22,730	66,905	608,199
Balances with the State Bank of Vietnam	-	99,696	-	-	99,696
Due from and loans to other banks - gross	6,468,538	2,046,182	-	34,287	8,549,007
Derivatives and other financial assets	-	1,024,510	-	15,861	1,040,371
Loans and advances to customers – gross	-	7,385,785	-	54,457	7,440,242
Other assets – gross	-	66,329	-	2	66,331
Total assets	6,579,944	11,029,660	22,730	171,513	17,803,847
Liabilities and equity					
Due to and borrowings from other banks	-	3,551,123	-	-	3,551,123
Due to customers	37,432	3,793,398	-	98,881	3,929,711
Grants, entrusted funds and loans exposed to risks	-	2,871,591	-	54,459	2,926,050
Derivatives and other financial liabilities	6,034,500	-	-	13,119	6,047,619
Other liabilities	11,858	63,895	231	1,489	77,473
Total liabilities and equity	6,083,790	10,280,007	231	167,948	16,531,976
Foreign exchange position on-balance sheet	496,154	749,653	22,499	3,565	1,271,871
Foreign exchange position off-balance sheet	(486,000)	210,775	-	881	(274,344)
Foreign exchange position on and off-balance sheet	10,154	960,428	22,499	4,446	997,527

46. MARKET RISK (continued)

46.2 Currency risk (continued)

At the reporting date, the Bank performed sensitivity analyzes for the exchange rate for fiscal year ended 31 December 2017. If the exchange rate increased by 0.2%, the Bank's after tax profit would increased by VND2,877 million. If the exchange rate falls by 0.2%, the bank's after tax profit will drop by VND2,877 million.

Subsidiaries have not performed sensitivity analyzes for exchange rates for the financial year ended 31 December 2017 due to insufficient database and input conditions.

46.3 Liquidity risk

Liquidity risk is the risk which the Bank and its subsidiaries have difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank and its subsidiaries cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank and its subsidiaries have diversified the mobilization of deposits from various sources in addition to its basic capital resources. In addition, the Bank and its subsidiaries have established policy for control of liquidity assets flexibly; monitor the future cash flows and daily liquidity. The Bank and its subsidiaries have also evaluated the estimated cash flows and the availability of current collateral assets in case of obtaining more deposits.

The maturity term of assets and liabilities is the remaining period of assets and liabilities as calculated from the balance sheet date to the settlement date in accordance with contractual terms and conditions.

The following assumptions and conditions are applied in the analysis of maturity of the Bank and its subsidiaries's assets and liabilities:

- ▶ Balances with the central banks are classified as demand deposits which include compulsory deposits;
- ▶ The maturity term of investment securities is calculated based on the maturity date of each kind of securities; except for the maturity term of investments in Government bonds and bonds issued by the Vietnam Development Bank is considered within one month because of their high liquidity;
- ▶ The maturity term of due from and loans to other credit institutions, loans to customers are determined based on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended;
- ▶ The maturity term of long-term investments is considered as more than one year because these investments do not have specific maturity date;
- ▶ The maturity term of due to and borrowings from other credit institutions derivatives and other financial liabilities instruments , due to customers are determined based on features of these items or the maturity date as stipulated in contracts. Vostro account and demand deposits are transacted as required by customers, and therefore, classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In practice, these amounts may be rolled over, and therefore, they may last beyond the original maturity date;
- ▶ The maturity term of a fixed asset determine based on its remaining useful life.

The following table presents assets and liabilities maturity from the Bank and its subsidiaries at 31 December 2017.

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46. MARKET RISK (continued)

46.3 Liquidity risk (continued)

	Overdue			Current				Total VND million
	Above 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	1 – 3 months VND million	3 – 12 months VND million	1 – 5 years VND million	Above 5 years VND million	
Assets								
Cash	-	-	1,511,629	-	-	-	-	1,511,629
Balances with the State Bank of Vietnam	-	-	1,922,256	-	-	-	-	1,922,256
Due from and loans to other banks – gross	-	-	19,055,168	2,806,000	-	-	-	21,861,168
Trading securities – gross	-	-	-	-	400,000	4,138,626	154,772	4,693,398
Loans and advances to customers – gross	1,583,241	1,810,425	8,572,903	13,283,743	38,606,495	18,300,319	22,339,902	104,497,028
Debt purchasing – gross	7,749	-	-	-	-	-	-	7,749
Investment securities - gross	300,000	-	1,233,145	470,367	6,720,449	30,116,298	8,192,120	47,032,379
Long-term investments – gross	-	-	-	-	-	-	490,087	490,087
Fixed assets	-	-	955,293	4,908	17,870	108,271	440,275	1,526,617
Investment properties	-	-	-	-	-	-	45,769	45,769
Other assets – gross	79,013	-	1,287,253	2,888,051	1,138,655	2,379,200	544,561	8,316,733
Total assets	1,970,003	1,810,425	34,537,647	19,453,069	46,883,469	55,042,714	32,207,486	191,904,813
Liabilities								
Borrowing from SBV	-	-	216	225	13,935	119,382	22,495	156,253
Due to and borrowings from other credit institutions	-	-	33,766,240	334,998	1,382,800	612,090	1,121,250	37,217,378
Due to customers	-	-	47,719,228	22,945,092	44,329,613	5,541,709	1,827	120,537,469
Derivatives and other financial instruments	-	-	43,320	(31,707)	58,485	-	-	70,098
Grants, entrusted funds and loans exposed to risks	-	-	-	-	1,000	691	2,926,050	2,927,741
Valuable papers issued	-	-	1,210,000	1,721,000	2,797,000	1,473,000	2,592,000	9,793,000
Other liabilities	-	-	1,687,682	743,481	1,280,678	69,840	91,545	3,873,226
Total liabilities	-	-	84,426,686	25,713,089	49,863,511	7,816,712	6,755,167	174,575,165
Net liquidity gap	1,970,003	1,810,425	(49,889,039)	(6,260,020)	(2,980,042)	47,226,002	25,452,319	17,329,648

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46. MARKET RISK (continued)

46.4 Market price risk

Except for the assets and liabilities presented above, the Bank and its subsidiaries have no other market price risks which have risk level accounting for 5% or more of net profit or the value of assets, liabilities accounting for 5% or more of total assets.

47. OPERATING LEASE COMMITMENTS

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Operating lease commitments	1,199,482	1,192,053
<i>In which:</i>		
- Due within one year	17,558	186,341
- Due from one to five years	372,145	419,585
- Due after five years	809,779	586,127

48. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

The Circular 210 only provides for the presentation and disclosures of financial instruments; therefore, the concepts of financial assets, financial liabilities and related concepts are applied solely for the supplemental presentation. Assets, liabilities and equity of the Bank and its subsidiary have been recognized and measured in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Financial assets

Financial assets of the Bank and its subsidiary within the scope of Circular 210 comprise cash and gold, balances with the State Bank of Vietnam, due from and loans to other credit institutions, loans to customers, held-for-trading and investment securities, receivables and other assets under currency derivative contracts.

According to Circular 210, financial assets are classified appropriately, for the purpose of disclosure in the consolidated financial statements, into one of the following categories:

► *A financial asset at fair value through the consolidated statement of income*

Is a financial asset that meets either of the following conditions:

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

48. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES
(continued)

Financial assets (continued)

▶ *Held-to-maturity investments:*

Are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank and its subsidiaries have the positive intention and ability to hold to maturity other than:

- a) Those that the Bank and its subsidiaries upon initial recognition designate as at fair value through consolidated profit or loss;
- b) Those that the Bank and its subsidiaries designate as available for sale;
- c) Those that meet the definitions of 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:

- a) Those that the Bank and its subsidiaries intend to sell immediately or in the near term, which shall be classified as held for trading, and those that the Bank and its subsidiary upon initial recognition designate as at fair value through consolidated profit or loss;
- b) Those that the Bank and its subsidiaries upon initial recognition designate as available for sale; or
- c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

▶ *Available for sale assets:*

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

- a) Loans and receivables;
- b) Held-to-maturity investments;
- c) Financial assets at fair value through consolidated profit or loss.

Financial liabilities

Financial liabilities of the Bank and its subsidiaries under the Circular 210 consist of borrowings from the Government and the State Bank of Vietnam, deposits and borrowings from other banks, due to customers, grants, entrusted funds and loans exposed to risks, valuable papers issued by the Bank and its subsidiaries, payables and other liabilities under monetary derivative contracts.

According to Circular 210, financial liabilities are classified appropriately, for the purpose of disclosure in the consolidated financial statements, into one of the following categories:

▶ *Financial liabilities at fair value through profit or loss*

is a financial liability that meets either of the following conditions:

- a) It is classified as held for trading. A financial liability is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or designated and effective hedging instrument).
- b) Upon initial recognition it is designated by the Bank and its subsidiaries as at fair value through consolidated profit or loss

**48. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES
(continued)**

Financial liabilities (continued)

▶ *Financial liabilities at amortized cost.*

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

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and reported at the net amount in the consolidated balance sheet if, and only if, the Bank and its subsidiaries have an enforceable legal right to offset financial assets against financial liabilities and the Bank and its subsidiaries have intention to settle on a net basis, or the realization of the assets and settlement of liabilities is made simultaneously.

Determine the fair value of financial instruments

The fair value of cash and short term deposits approximate their carrying value due to short term maturity of these items.

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48. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying amount and fair value of the Bank and its subsidiaries' financial assets and liabilities are presented as at 31 December 2017 as follows:

	Carrying amount					Total	Fair value VND million
	Trading securities	Held to maturity securities	Loan and receivable	Available-for-sale securities	Other assets and liabilities at amortized cost		
	VND million	VND million	VND million	VND million	VND million		
Financial assets							
Cash and gold	-	-	-	-	1,511,629	1,511,629	1.511.629
Balances with the SBV	-	-	-	-	1,922,256	1,922,256	1.922.256
Due from and loans to other banks	-	-	2,210,561	-	19,650,607	21,861,168	(*)
Trading securities	4,690,398	-	-	-	-	4,690,398	(*)
Loans and advances to customers	-	-	103,336,329	-	-	103,336,329	(*)
Purchased debts	-	-	3,875	-	-	3,875	(*)
Investment securities	-	8,738,570	-	37,063,571	-	45,802,141	(*)
Long-term investments	-	-	-	378,237	-	378,237	(*)
Other financial assets	-	-	5,140,464	-	-	5,140,464	(*)
Total	4,690,398	8,738,570	110,691,229	37,441,808	23,084,492	184,646,497	
Financial liabilities							
Borrowings from the Government and the SBV	-	-	-	-	156,253	156,253	(*)
Due to and borrowings from other banks	-	-	-	-	37,217,378	37,217,378	(*)
Derivative and other financial instruments	70,098	-	-	-	-	70,098	(*)
Due to customers	-	-	-	-	120,537,469	120,537,469	(*)
Grants, entrusted funds and loans exposed to risks	-	-	-	-	2,927,741	2,927,741	(*)
Valuable papers issued	-	-	-	-	9,793,000	9,793,000	(*)
Other liabilities	-	-	-	-	2,695,865	2,695,865	(*)
Total	70,098	-	-	-	173,327,706	173,397,804	

(*) As Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and related regulations of the State Bank of Vietnam have no specific guidance on the fair value determination, the fair value of these items cannot be determined.

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49. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

There is no other matter or circumstance that has arisen that requires adjustment or disclosure in the Bank and its subsidiaries' consolidated financial statements for the year ended as at 31 December 2017.

50. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE END OF THE YEAR

	31 December 2017 VND	Beginning balance VND
USD	22,425	22,159
EUR	27,000	23,876
GBP	30,413	27,803
CAD	17,998	16,807
SGD	16,910	15,678
AUD	17,623	16,372
CNY	3,372	3,138
JPY	200.37	194.90
Gold SJC (ounce)	36,400,000	35,800,000

Prepared by: 

Ms. Ho Dang Hoang Quyen
Chief Accountant

Reviewed by: 

Mr. Pham Van Dau
Chief Financial Officer

Approved by: 

Mr. Nguyen Huu Dang
General Officer



Ho Chi Minh City, Vietnam

30 March 2018

