



Ho Chi Minh City Development Joint Stock Commercial Bank

SEPARATE FINANCIAL STATEMENTS FOR THE THIRD QUARTER OF 2018

For period from 1 January 2018 to 30 September 2018

TRANSLATION



Ho Chi Minh City Development Joint Stock Commercial Bank

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Ho Chi Minh City Development Joint Stock Commercial Bank

SEPARATE BALANCE SHEET
as at 30 September 2018

Form B02a/TCTD
(issued under Circular No.
49/2014/TT- NHNN dated 31 December 2014)

	Notes	30 September 2018 VND million	31 Decembe 2017 VND million
ASSETS			
Cash and gold		1,828,612	1,511,580
Balances with the State Bank of Vietnam		2,343,799	1,547,687
Due from and loans to other credit institutions		24,299,482	22,317,134
Due from other credit institutions		19,928,581	19,126,573
Loans to other credit institutions		4,370,901	3,190,561
Provision for loan to other credit institutions (*)		-	-
Securities held for trading	V.01	2,337,487	4,690,398
Securities held for trading		2,342,829	4,693,398
Provision for securities held for trading (*)		(5,342)	(3,000)
Derivatives and other financial assets	V.02	21,021	-
Loans to customers		109,824,951	94,193,371
Loans to customers	V.03	110,820,402	95,048,397
Provision for credit losses of loans to customers (*)	V.04	(995,451)	(855,026)
Purchased debts		320	3,875
Purchased debts		7,749	7,749
Provision for credit losses of purchased debts (*)		(7,429)	(3,874)
Investment securities	V.05	40,929,792	45,802,141
Available-for-sale securities		32,117,922	37,417,732
Held-to-maturity securities		9,655,484	9,614,647
Provision for investment securities (*)		(843,614)	(1,230,238)
Long-term investments	V.06	1,115,095	967,925
Investment in subsidiaries		739,688	589,688
Investment in joint ventures		-	-
Investment in associates		-	-
Other long-term investments		487,357	490,087
Provision for long-term investments (*)		(111,950)	(111,850)
Fixed assets		1,472,983	1,499,442
<i>Tangible fixed assets</i>		<i>473,786</i>	<i>506,494</i>
Cost		1,020,022	1,015,471
Accumulated depreciation (*)		(546,236)	(508,977)
<i>Finance leases</i>		-	-
Cost		-	-
Accumulated depreciation (*)		-	-
<i>Intangible fixed assets</i>		<i>999,197</i>	<i>992,948</i>
Cost		1,156,520	1,142,770
Accumulated amortization (*)		(157,323)	(149,822)
Investment properties		-	-
Cost		-	-
Accumulated amortization (*)		-	-
Other assets		6,567,895	7,577,195
Receivables		2,300,802	3,404,776
Interest and fees receivable		3,266,150	3,252,336
Deferred corporate income tax assets	V.12.2	21,238	21,238
Other assets		1,019,026	959,726
<i>In which: Goodwill</i>		-	-
Provision for other assets (*)		(39,321)	(60,881)
TOTAL ASSETS		190,741,437	180,110,748

Ho Chi Minh City Development Joint Stock Commercial Bank

SEPARATE BALANCE SHEET
as at 30 September 2018

Form B02a/TCTD
(issued under Circular No.
49/2014/TT- NHNN dated 31 December 2014)

<i>Notes</i>	<i>30 September 2018</i> <i>VND million</i>	<i>31 December 2017</i> <i>VND million</i>
LIABILITIES		
Due to the Government and the State Bank of Vietnam	V.07 2,151,945	156,253
Due to and borrowings from other credit institutions	V.08 28,816,436	35,211,056
Due to other credit institutions	14,727,328	12,310,041
Borrowings from other credit institutions	14,089,108	22,901,015
Due to customers	V.09 130,061,101	120,628,498
Derivatives and other financial liabilities	V.02 -	46,568
Grants, entrusted funds and loans exposed to risks	3,063,519	2,927,741
Valuable paper issued	V.10 9,350,000	4,465,000
Other liabilities	V.11 2,968,309	2,896,090
Interest and fees payable	2,518,695	2,551,378
Deferred corporate income tax liabilities	-	-
Other payables	449,614	344,712
Other provision for liabilities (for contingent liabilities and off-balance sheet commitments)	-	-
TOTAL LIABILITIES	176,411,310	166,331,206
OWNERS' EQUITY		
Capital	11,852,342	11,852,342
Charter capital	9,810,000	9,810,000
Fund for capital expenditure	89	89
Share premium	2,042,255	2,042,255
Treasury shares (*)	(2)	(2)
Preference shares	-	-
Other owners' capital	-	-
Reserves	641,377	370,953
Foreign exchange differences	16,624	-
Asset revaluation differences	-	-
Retained earnings	1,819,784	1,556,247
Non-controlling interest	-	-
TOTAL OWNERS' EQUITY	V.13 14,330,127	13,779,542
TOTAL LIABILITIES, OWNERS' EQUITY AND NON-CONTROL INTEREST	190,741,437	180,110,748

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SEPARATE BALANCE SHEET
as at 30 September 2018

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OFF-BALANCE SHEET ITEMS

Notes	30 September 2018	31 December 2017
	VND million	VND million
Credit guarantees	8,620	9,052
Foreign exchange commitments	62,080,212	41,045,492
- Spot foreign exchange commitments - buy	2,972,799	3,880,370
- Spot foreign exchange commitments - sell	1,990,240	3,166,761
- Cross currency swap contracts	57,117,173	33,998,361
- Future contract	-	-
Irrevocable lending commitments	-	-
Letters of credit	2,362,418	1,073,114
Other guarantees	2,930,803	3,392,157
Other commitments	350,000	-
Total	67,732,053	45,519,815

Prepared by:



Ms. Le Thi Thao
Accountant

Reviewed by:



Ms. Ho Dang Hoang Quyen
Chief Accountant

Approved by:



Mr. Pham Van Dau
Chief Financial Officer

Ho Chi Minh City, Vietnam

26 October 2018

Ho Chi Minh City Development Joint Stock Commercial Bank

SEPERATE INCOME STATEMENT

For the period from 1 January 2018 to 30 September 2018

Form B03a/TCTD

(issued under Circular No. 49/2014/TT- NHNN dated 31 December 2014)

	Notes	Quarter III		Accumulated for the period from 1 January to 30 September	
		Current period	Previous period	Current period	Previous period
		VND million	VND million	VND million	VND million
Interest and similar income	VI.14	3,262,817	3,133,596	9,332,774	8,116,095
Interest and similar expenses	VI.15	(2,216,483)	(1,928,981)	(6,058,697)	(5,567,964)
Net interest and similar income		1,046,334	1,204,615	3,274,077	2,548,131
Fee and commission income		66,962	50,531	186,662	138,526
Fee and commission expenses		(26,644)	(18,014)	(65,584)	(41,283)
Net fee and commission income		40,318	32,517	121,078	97,243
Net gain from trading of foreign currencies		64,044	43,160	146,047	154,121
Net gain from securities held for trading	VI.16	16,069	5,234	126,221	7,680
Net gain from investment securities	VI.17	8,126	342,925	335,168	503,218
Other operating income		82,542	53,067	167,119	96,225
Other operating expenses		(28,512)	(3,194)	(45,685)	(10,278)
Net gain from other operating activities		54,030	49,873	121,434	85,947
Income from investments in other entities	VI.18	53,618	150,037	102,160	193,631
Total operating expenses	VI.19	(685,524)	(585,952)	(1,864,146)	(1,551,100)
Net operating profit before provision for credit losses		597,015	1,242,409	2,362,039	2,038,871
Provision expenses for credit losses		6,528	(175,027)	(98,169)	(325,580)
PROFIT BEFORE TAX		603,543	1,067,382	2,263,870	1,713,291
Current corporate income tax expense		(124,598)	(183,493)	(449,298)	(304,007)
Deferred corporate income tax		-	-	-	-
Corporate income tax expenses		(124,598)	(183,493)	(449,298)	(304,007)
PROFIT AFTER TAX		478,945	883,889	1,814,572	1,409,284

Prepared by:



Ms. Le Thi Thao
Accountant

Reviewed by:



Ms. Ho Dang Hoang Quyen
Chief Accountant

Approved by:



Mr. Pham Van Dau
Chief Financial Officer

Ho Chi Minh City, Vietnam

26 October 2018

This translation is for informational purpose only, NOT an official version

Ho Chi Minh City Development Joint Stock Commercial Bank

SEPERATE CASH FLOW STATEMENT
For the period from 1 January 2018 to 30 September 2018

Form B04a/TCTD
(issued under Circular No.
49/2014/TT- NHNN dated 31 December 2014)

<i>Notes</i>	<i>Current period VND million</i>	<i>Previous period VND million</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar receipts	9,566,428	7,991,947
Interest and similar payments	(6,125,725)	(5,313,689)
Net fee and commission receipts	119,618	89,243
Net receipts from trading of securities, gold and foreign currencies	590,648	635,926
Other income	39,605	17,238
Recoveries from bad debts written-off previously	69,439	66,346
Payments to employees and other operating expenses	(1,805,424)	(1,476,599)
Corporate income tax paid during the period	(430,300)	(190,320)
Net cash flows from operating profit before changes in operating assets and liabilities	2,024,289	1,820,092
Changes in operating assets		
(Increase)/decrease in due from and loans to other credit institutions	(344,382)	105,000
(Increase)/decrease in investment securities	7,350,811	(9,006,691)
(Increase)/decrease in derivatives and other financial assets	(21,021)	(105,149)
(Increase)/decrease in loans to customers	(15,772,004)	(13,426,030)
Utilization of provision to write-off loans to customers, securities and long-term investments	(276,883)	(9,812)
(Increase)/decrease in other assets	948,130	415,215
Changes in operating liabilities		
Increase/(decrease) in due to Government and the State Bank of Vietnam	1,995,692	(25,165)
Increase/(decrease) in due to and borrowings from other credit institutions	(6,394,620)	8,083,417
Increase/(decrease) in due to customers	9,432,603	14,822,207
Increase/(decrease) in debt issued	4,885,000	(1,070,014)
Increase/(decrease) in grants, entrusted funds and loans exposed to risks	135,778	84,609
(Increase)/(decrease) in derivatives and other financial liabilities	(46,568)	-
Increase/(decrease) in other liabilities	84,364	34,467
Utilization of funds	(2,311)	(3,403)
Net cash from operating activities	3,998,878	1,718,743
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(108,740)	(24,283)
Proceeds from disposal of fixed assets	13,951	2,103
Payment for disposal of fixed assets	-	-
Purchase of investment properties	-	-
Proceeds from disposal of investment properties	-	-
Payment for disposal of investment properties	-	-
Payments for investments in other entities	-	-
Proceeds from disposal of investments in other entities	3,536	12,527
Dividends received from long-term investments	102,160	193,631
Net cash from investing activities	10,907	183,978

Ho Chi Minh City Development Joint Stock Commercial Bank

SEPERATE CASH FLOW STATEMENT

For the period from 1 January 2018 to 30 September 2018

Form B04a/TCTD

(issued under Circular No.

49/2014/TT- NHNN dated 31 December 2014)

<u>Notes</u>	<u>Current period</u> VND million	<u>Previous period</u> VND million
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in charter capital from capital contribution and share issuance	-	-
Proceeds from issuing long term valuable papers eligible to be included in capital and other long term borrowings	-	-
Proceeds from disposals of long term valuable papers eligible to be included in capital and other long term borrowings	-	-
Dividends distributed to shareholders	(1,275,300)	-
Purchase of treasury shares	-	-
Proceeds from disposal of treasury shares	-	-
Net cash from financing activities	(1,275,300)	-
Net increase in cash for the period	2,734,485	1,902,721
Cash and cash equivalents at the beginning of the period	24,290,402	21,586,272
Foreign exchange difference	16,624	(36,955)
Cash and cash equivalents at the end of the period	27,041,511	23,452,038

Prepared by:



Ms. Le Thi Thao
Accountant

Reviewed by: 



Ms. Ho Dang Hoang Quyen
Chief Accountant

Approved by: 



Mr. Pham Van Dau
Chief Financial Officer

Ho Chi Minh City, Vietnam

26 October 2018

Ho Chi Minh City Development Joint Stock Commercial Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
As at 30 September 2018 and for the period then ended

Form B05a/TCTD
(issued under Circular No.
49/2014/TT- NHNN dated 31 December 2014)

I. GENERAL INFORMATION

1. *Establishment and Operations License, operating duration*

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

The Bank was established under Decision No. 47/QĐ-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.

2. *Charter capital*

The charter capital of the Bank as at 30 September 2018 is VND9,810,000 million (as at 31 December 2017: VND9,810,000 million)

3. *The Board of Directors*

The members of the Board of Directors of the Bank during the period and as at the date of this report are:

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

4. *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 period and as at the date of this report are:

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

Ho Chi Minh City Development Joint Stock Commercial Bank

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5. *Operation 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 30 September 2018, the Bank had one (1) Head Office, one (1) representative office in the North, sixty one (61) branches and two hundred and sixteen (216) transaction offices located in cities and provinces throughout Vietnam.

6. *Subsidiaries*

As at 30 September 2018, the Bank had two (2) subsidiaries:

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

7. *Employees*

The Bank's total number of employees as at 30 September 2018 was 5,980 persons (as at 31 December 2017: 5,264 persons)

II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

1. *Accounting period*

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

The third quarter accounting period applicable for the presentation of separate financial statements of the Bank starts on 1 July and ends on 30 September.

2. *Accounting currency*

The Bank maintains its accounting records in Vietnam dong ("VND"). For the presentation of the separate financial statements as at 30 September 2018, 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 the separate financial statements on the Bank's separate financial position, separate results of its operations and its separate cash flow.

III. APPLIED ACCOUNTING STANDARDS AND SYSTEM

1. *Statement of compliance*

The Board of Management of the Bank confirms that the accompanying separate 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 separate financial statements.

Ho Chi Minh City Development Joint Stock Commercial Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
As at 30 September 2018 and for the period then ended

Form B05a/TCTD
(issued under Circular No.
49/2014/TT- NHNN dated 31 December 2014)

2. Basis of preparation

The separate financial statements of the Bank 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, Circular No. 10/2014/TT-NHNN dated 20 March 2014 and Circular No. 22/2017/TT-NHNN dated 29 December 2017 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 the financial reporting regime applicable to credit institutions under Decision No. 16/2007/QĐ-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QĐ-NHNN issued by the State Bank of Vietnam and Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ 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).

The accompanying separate financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying separate financial statements and their utilizations 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 separate financial position, results of separate operations and separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items which are not presented in the separate 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 stipulating the financial reporting regime applicable to credit institutions indicate nil balance.

3. Assumptions and uses of estimates

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

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Foreign currency transactions

In accordance with the accounting system of the Bank, 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 balance sheet date. Income and expenses arising in foreign currencies during the period are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and followed in the "Foreign exchange differences" under "Owners' Equity" section and will be transferred to the separate income statement at the end of the financial year.

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2. **Derivatives and hedging accounting**

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

Currency forward contract

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" section and will be transferred to the separate income statement at the end of the financial year.

Swap contract

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. The difference between spot rate and forward rate are recorded at contract date as assets or liabilities on separate balance sheet and are amortized to the income statement straight-line basis over the contract period.

3. **Recognition and de-recognition of accrued interest income and expenses**

Interest income and interest expenses are recognized in the income statement on an 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 income statement upon actual receipt.

4. **Fees and commissions income**

Fees and commissions income

Fees and commissions are recognized on accrued basis.

Income from investment

Income from 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 income statement when the Bank's right to receive the payment is established. For stock dividends and bonus shares, the number of shares is just updated and no dividend income is recognized in the income statement.

5. **Loans to customers, purchased debts**

5.1 **Loans to customers**

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

Short term loans are loans have maturities under one year from the loan disbursement date. Medium term loans are loans have maturities from one to five years from the loan disbursement date. Long term loans are loans have maturities over five years from the loan disbursement date.

The classification and provisioning of loans to customers is made in compliance with the Circular No. 02/2013/TT-NHNN (Circular 02) and Circular No. 09/2014/TT-NHNN which amends and supplements some articles of Circular 02 (Circular 09).

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The specific provision for debts as at 30 September 2018 is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the debt classifications as at 30 June 2018. The specific provision rates for each group are presented as follows:

<i>Loan group</i>		<i>Classification criteria</i>	<i>Specific provision rate</i>
1	Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2	Special mention	(a) Debts are overdue for a period of between 10 days and 90 days; or (b) Debts of which the repayment terms are restructured for the first time.	5%
3	Sub-standard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Debts of which the repayment terms are extended for the first time; or (c) Debts of which interests are exempted or reduced because customers do not have sufficient capability to pay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: <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%

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Loan group		Classification criteria	Specific provision rate
4	Doubtful	<ul style="list-style-type: none"> (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%
5	Loss	<ul style="list-style-type: none"> (a) Debts are overdue for a period of more than 360 days; or (b) Debts of which the repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts of which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts of which the repayment terms are restructured for the third time or more, 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 which capital and assets are blocked. 	100%

If a customer has more than one debts with the Bank and any of outstanding debts are classified into higher risk groups, the entire remaining debts should also be classified into the higher risk groups.

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 value and discounted value of collaterals is regulated in Circular 02.

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General provision as at 30 September is made at 0.75% of total outstanding loans excluding due from and loans to other credit institutions and loans classified as loss (group 5) as at 31 August 2018.

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.

Upon the sale of loans to VAMC, the Bank 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 uses 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 operating income" of the separate income statement.

5.2 *Purchased debts*

Purchased debts are recorded at the purchasing price on the contract and classified to the group with risk level is not lower than its original group classified before purchase. If the interest receipt thereafter includes the accrued interest before purchase date, the interest recognition is made as follows: (i) reduce the value of purchased debts by the interest incurred before the purchase date; (ii) record the interest income in the year by the amount incurred after the purchase date.

The Bank classify and make provision for purchased debts in accordance with regulations on loan classification and provision for credit loss.

6. *Held for trading and investment securities*

6.1 *Securities held for trading*

Classification and recognition

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

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 for trading on the unlisted public companies market is made in accordance with Circular 02 and Circular 09.

Equity securities are initially recognized at the cost on transaction date and subsequently measured at cost. Equity securities held for trading 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 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.

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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.

Gain or loss from disposal held for trading securities was recorded in separate income statement.

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

De-recognition

Securities held for trading 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.

6.2 Available-for-sale securities

Classification and recognition

Available-for-sale securities include debt and equity securities that are acquired by the Bank for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank 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 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.

Measurement

Periodically, available-for-sale securities will be considered for impairment.

Provision for impairment of equity securities is made when book value of the securities is higher than its market value which is determined according to Circular 228/2009/TT-BTC. In case market value of the securities is not possible to determined, provision for these securities will not be made. Provision for impairment is recorded to "Net gain/loss from investment securities" in the separate income statement.

Listed debt securities are recognized at the 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 for trading on the unlisted public companies market is made in accordance with Circular 02 and Circular 09.

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6.3 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 provision.

During the holding period, the Bank annually calculates and makes specific provision in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 issued by the SBV 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).

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 income statement in "Provision expense for credit losses". General provision is not required for the special bonds.

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

Other held-to-maturity securities

Held-to-maturity securities are debt securities purchased by the Bank for the investment purpose of earning dividend and the Bank has the capability and intention to hold these investments until maturity. Held-to-maturity securities have the determined value and maturity date. In case the securities are sold before the maturity date, 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 as presented at Note 6.2.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, gold, balances with the State Bank of Vietnam, demand deposits, due from and loans to other credit institutions with an original maturity of less than three months from the transaction date and securities investments with maturity of less than three months from purchase dates which are readily convertible into cash at the reporting date.

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8. *Provision, contingent liabilities and assets*

Off-balance sheet commitments include guarantees, letter of credit and other irrevocable lending commitments with specific implementing time.

Classification of off-balance-sheet commitments is made solely for the purposes of managing and monitoring the quality of credit granting activities in accordance with the classification policy applicable to loans.

9. *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 separate balance sheet date.

Current income tax is charged or credited to the separate 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 to offset current tax assets against current tax liabilities and when the Bank intends to settle its current tax assets and liabilities on a net basis.

Tax declarations of the Bank is subjected 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 separate financial statements could be changed at a later date upon final determination by the tax authorities.

Deferred tax

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

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

- ▶ Deferred tax liabilities arise from the initial recognition of an asset or liability in a transaction that does not have an effect on the accounting profit or the taxable profit (or tax loss) at the time of transaction.
- ▶ Taxable temporary differences associated with investments in subsidiaries, associates and joint-ventures, where the Bank has the ability to control the timing of the reversal of the temporary difference and the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets should be recognized for all deductible temporary differences, the carrying amount of the tax deferred until further years of tax losses and unused tax losses, It is probable that future taxable profits will be available against which these deductible temporary differences, tax losses and unused tax losses can be utilized, except for:

- ▶ Deferred tax assets arise from the initial recognition of an asset or liability in a transaction that does not have an effect on the accounting profit or the taxable profit (or tax loss) at the time of transaction.
- ▶ In respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognized 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 utilized.

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The carrying amount of the deferred tax asset has to be reviewed at the end of the financial year and the carrying amount should be reduced to the extent there will be enough taxable profit to utilize deferred tax assets. Deferred tax assets not yet recognized previously are recognized at the balance sheet date and are recognized when it is probable that future taxable profits will be available to utilize these unrecognized deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the fiscal year when the asset is recovered or the liability is settled, based on the effective tax rates and tax laws at the balance sheet date.

Deferred income tax is recognized in the income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also recorded directly in equity.

10. **Borrowings, debt securities issued, equity instruments**

The discounted, re-discount valuable paper at SBV are recognized at cost at balance sheet date. Borrowings interest is recognized in income statement based on accrual basic under Circular No. 12/2006/TT-NHNN dated 21 February 2006.

Valuable papers issued are recognized at cost. Cost of valuable papers issued include proceed from issuing minus direct expense related to issuing valuable papers.

11. **Capital**

Ordinary Share

Ordinary shares are recognized as charter capital.

Share premium

The Bank records 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.

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 and loss upon purchase, sale, issue or cancellation of the Bank's own equity instruments.

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>Percentage of profit after tax</i>	<i>Maximum amount</i>
Capital supplementary reserve	5% of profit after tax	100% share capital
Financial reserve	10% of profit after tax	Not specified

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 Shareholders. These funds are not regulated by statutory and allowed to be fully allocated.

12. **Restatement corresponding figures:** None

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V. SUPPLEMENT ITEMS PRESENTED ON BALANCE SHEET

1. Securities held for trading

	<i>30 September 2018</i> <i>VND million</i>	<i>31 December 2017</i> <i>VND million</i>
1.1 Debt securities		
Government and municipal bonds	1,942,829	3,893,398
Debt securities issued by other domestic credit institutions	-	400,000
Debt securities issued by domestic economic entities	400,000	400,000
Debt securities issued by foreign entities	-	-
1.2 Equity securities		
Equity securities issued by domestic credit institutions	-	-
Equity securities issued by domestic economic entities	-	-
Equity securities issued by foreign entities	-	-
1.3 Other securities held for trading	-	-
1.4 Provision for securities held for trading	(5,342)	(3,000)
Total	2,337,487	4,690,398

2. DERIVATIVES AND OTHER FINANCIAL ASSETS

	<i>Total contract value</i> <i>(using exchange rate</i> <i>at the contract date)</i> <i>VND million</i>	<i>Total carrying value</i> <i>(using exchange rate at reporting date)</i>	
		<i>Assets</i> <i>VND million</i>	<i>Liabilities</i> <i>VND million</i>
Currency derivatives as at 30 September 2018			
Forward contracts	3,062,277	4,796	-
Swap contracts	28,549,603	16,225	-
Total	31,611,880	21,021	-
Net amount		21,021	
Currency derivatives as at 31 December 2017			
Forward contracts	3,000,000	-	12,048
Swap contracts	17,018,446	-	34,520
Total	20,018,446	-	46,568
Net amount			46,568

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3. Loans to customers

	<u>30 September 2018</u> VND million	<u>31 December 2017</u> VND million
Loans to domestic economic entities and individuals	108,803,634	91,238,274
Discounted bills and valuable papers	1,296,085	1,491,581
Overdraft and credit card	693,150	2,298,174
Loans to foreign economic entities and individuals	27,533	20,368
Total	<u>110,820,402</u>	<u>95,048,397</u>

Analysis of loans by quality

	<u>30 September 2018</u> VND million	<u>31 December 2017</u> VND million
Current	108,548,070	92,765,885
Special mention	1,089,418	1,241,262
Substandard	272,912	309,325
Doubtful	217,374	216,243
Loss	692,628	515,682
Total	<u>110,820,402</u>	<u>95,048,397</u>

Analysis of loans by original terms

	<u>30 September 2018</u> VND million	<u>31 December 2017</u> VND million
Short-term	63,124,345	51,769,032
Medium-term	18,564,289	19,091,753
Long-term	29,131,768	24,187,612
Total	<u>110,820,402</u>	<u>95,048,397</u>

4. Provision for credit losses of loans to customers

Changes in provision for credit losses of loans to customers during the current period are as follows:

	<i>Specific provision</i> VND million	<i>General provision</i> VND million	<i>Total</i> VND million
1 January 2018	166,958	688,068	855,026
Provision for credit loss during period/(Reversal provision during period)	9,660	134,842	144,502
Utilization during period	(4,077)	-	(4,077)
30 September 2018	<u>172,541</u>	<u>822,910</u>	<u>995,451</u>

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Changes in provision for credit losses of loans to customers during the previous period are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
1 January 2017	137,467	532,473	669,940
Provision for credit loss during period/(Reversal provision during period)	42,599	155,595	198,194
Utilization during period	(13,108)	-	(13,108)
31 December 2017	166,958	688,068	855,026

5. Investment securities

5.1 Available-for-sale securities

	<i>30 September 2018 VND million</i>	<i>31 December 2017 VND million</i>
a. Debt securities		
Government and municipal bonds	25,339,841	30,323,311
Debt securities issued by other domestic credit institutions	1,300,359	800,000
Debt securities issued by domestic economic entities	4,437,190	5,162,202
Debt securities issued by foreign entities	-	-
	31,077,390	36,285,513
b. Equity securities		
Equity securities issued by other domestic credit institutions	-	-
Equity securities issued by domestic economic entities	1,040,532	1,132,219
Equity securities issued by foreign entities	-	-
	1,040,532	1,132,219
	32,117,922	37,417,732
c. Provision for available-for-sale securities		
Diminution provision	(19,517)	(76,093)
General provision	(32,972)	(40,327)
Specific provision	-	(237,741)
	(52,489)	(354,161)
Net amount	32,065,433	37,063,571

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5.2 Held-to-maturity securities (excluding special bonds issued by VAMC)

	30 September 2018 VND million	31 December 2017 VND million
Government and municipal bonds	5,146,998	1,977,969
Debt securities issued by other domestic credit institutions	3,000,000	5,797,823
Debt securities issued by domestic economic entities	-	-
Debt securities issued by foreign entities	-	-
	8,146,998	7,775,792
Provision for held-to-maturity securities		
- Diminution provision	-	-
- General provision	-	-
- Specific provision	-	-
Net amount	8,146,998	7,775,792

5.3 Special bonds issued by VAMC

	30 September 2018 VND million	31 December 2017 VND million
Special bonds	1,508,486	1,838,855
Provision for special bonds	(791,125)	(876,077)
	717,361	962,778

6. Long-term investments

Analysis of securities classified by type

	30 September 2018 VND million	31 December 2017 VND million
Investment in subsidiaries (*)	739,688	589,688
Investment in joint ventures	-	-
Investment in associates	-	-
Other long-term investments	487,357	490,087
Provision for long-term investments	(111,950)	(111,850)
Total	1,115,095	967,925

7. Due to the Government and the State Bank of Vietnam

	30 September 2018 VND million	31 December 2017 VND million
Borrowings from SBV	-	-
Due to State Treasury	2,000,000	-
Others	151,945	156,253
Total	2,151,945	156,253

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8. Due to and borrowings from other credit institutions

8.1 Due to other credit institutions

	30 September 2018 VND million	31 December 2017 VND million
Demand deposits	8,745,748	5,136,018
In VND	8,092,925	5,090,695
In foreign currencies	652,823	45,323
Term deposits	5,981,580	7,174,023
In VND	5,118,000	6,508,000
In foreign currencies	863,580	666,023
Total	14,727,328	12,310,041

8.2 Borrowings from other credit institutions

	30 September 2018 VND million	31 December 2017 VND million
By VND	11,521,708	21,376,115
Discount, re-discount valuable papers	8,329,708	20,290,115
Mortgaged and pledged borrowings	3,192,000	1,086,000
By foreign currencies	2,567,400	1,524,900
Discount, re-discount valuable papers	-	-
Mortgaged and pledged borrowings	2,567,400	1,524,900
Total	14,089,108	22,901,015

9. Due to customers

Analysis by products

	30 September 2018 VND million	31 December 2017 VND million
Demand deposits	10,526,532	14,588,376
Demand deposits in VND	9,515,890	13,225,515
Demand deposits in foreign currencies	1,010,642	1,362,861
Term deposits	118,865,057	105,254,248
Term deposits in VND	117,788,654	103,042,287
Term deposits in foreign currencies	1,076,403	2,211,961
Deposits for specific purposes	197,728	537,286
Margin deposits	471,784	248,588
Total	130,061,101	120,628,498

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10. Valuable papers issued (excluding complex financial instruments)

	30 September 2018 VND million	31 December 2017 VND million
Certificates of deposits	350,000	535,000
Less than 12 months	350,000	535,000
From 12 months to under 5 years	-	-
Straight bonds	9,000,000	3,930,000
From 12 months to under 5 years	6,000,000	930,000
From 5 years	3,000,000	3,000,000
Total	9,350,000	4,465,000

11. Other liabilities

	30 September 2018 VND million	31 December 2017 VND million
Internal payables	32,123	15,730
External payables	2,923,072	2,869,281
Provisions		
- Provision for commitments given	-	-
- Provision for payment services	-	-
- Other provisions (<i>provision for operating risk excluding provision for other assets</i>)	-	-
Bonus and welfare fund	13,114	11,079
Total	2,968,309	2,896,090

12. Statutory obligations and deferred income tax

12.1 Statutory obligations

	1 January 2018 VND million	Movement during the period		30 September 2018 VND million
		Payable VND million	Paid VND million	
Value added tax	28,982	21,496	(48,094)	2,384
Corporate income tax	29,272	449,298	(430,300)	48,270
Property tax	-	34	(34)	-
Land rental tax	-	61	(61)	-
Other taxes	6,833	68,908	(70,994)	4,747
- License tax	-	269	(269)	-
- Personal income tax	6,627	67,075	(69,350)	4,352
- Withholding tax	206	1,564	(1,375)	395
Other taxes	-	1,226	(1,226)	-
Total	65,087	541,023	(550,709)	55,401

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12.2 Deferred income tax

a. Deferred income tax assets

	30 September 2018 VND million	31 December 2017 VND million
Deferred income tax assets related to deductible temporary differences	21,238	21,238
Deferred income tax assets related to unused tax losses	-	-
Deferred income tax assets related to unused incentive	-	-
Deferred income tax assets related to recorded in previous period	-	-
Deferred income tax assets	21,238	21,238

b. Deferred income tax liabilities

	30 September 2018 VND million	31 December 2017 VND million
Deferred income tax liabilities incurred from temporary differences	-	-
Deferred income tax liabilities incurred recorded in previous period	-	-
Deferred income tax liabilities	-	-

13. Owners' equity

13.1 Statement of changes in owners' equity

	Beginning balance	Increase in period	Decrease in period	Ending balance
Contributed capital/ charter capital	9,810,000	-	-	9,810,000
Shares premium	2,042,255	-	-	2,042,255
Fund for capital expenditure	89	-	-	89
Treasury shares	(2)	-	-	(2)
Assets revaluation differences	-	-	-	-
Foreign exchange differences	-	16,624	-	16,624
Development and investment reserve	70	-	-	70
Financial reverse	306,778	168,490	-	475,268
Capital supplementary reserve	19,394	84,245	-	103,639
Other reserves	44,711	20,000	(2,311)	62,400
Retained earnings	1,556,247	1,814,572	(1,551,035)	1,819,784
Non-controlling interest	-	-	-	-
Other owners' capital	-	-	-	-
	13,779,542	2,103,931	(1,553,346)	14,330,127

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13.2 Shares

	<u>30 September 2018</u> VND million	<u>31 December 2017</u> VND million
Number of registered shares	980,999,979	980,999,979
Number of shares issued		
- Ordinary shares	980,999,979	980,999,979
- Preference shares	-	-
Number of treasury shares		
- Ordinary shares	208	208
- Preference shares	-	-
Number of outstanding shares		
- Ordinary shares	980,999,771	980,999,771
- Preference shares	-	-
* Par value of outstanding share (VND/share)	10,000	10,000

VI. SUPPLEMENT ITEMS PRESENTED ON INCOME STATEMENT

14. Interest and similar income

	<u>Current period</u> VND million	<u>Previous period</u> VND million
Interest income from deposits	146,890	155,158
Interest income from loans	7,126,096	5,718,902
Interest income from debt securities	1,690,224	1,651,795
- Interest income from securities held-for-trading	-	38,633
- Interest income from investment securities	1,690,224	1,613,162
Income from guarantee services	43,889	37,559
Other income from credit activities	325,675	552,681
Total	<u>9,332,774</u>	<u>8,116,095</u>

15. Interest and similar expenses

	<u>Current period</u> VND million	<u>Previous period</u> VND million
Interest expenses for deposits	5,373,732	5,074,102
Interest expenses for borrowings	314,809	177,258
Interest expenses for valuable papers issued	369,910	316,601
Other expenses for credit activities	246	3
Total	<u>6,058,697</u>	<u>5,567,964</u>

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16. Net gain from securities held for trading

	<i>Current period</i> VND million	<i>Previous period</i> VND million
Income from dealing securities held for trading	131,277	7,617
Expense for dealing securities held for trading	(2,714)	-
Provision (expense)/reversal for securities held for trading	(2,342)	63
Net gain from securities held for trading	126,221	7,680

17. Net gain from investment securities

	<i>Current period</i> VND million	<i>Previous period</i> VND million
Income from dealing investment securities	381,395	499,972
Expense for dealing investment securities	(110,159)	(23,590)
Provision reversal for investment securities	63,932	26,836
Net gain from investment securities	335,168	503,218

18. Income from long-term investments

	<i>Current period</i> VND million	<i>Previous period</i> VND million
Dividend from equity securities	98,390	42,894
Dividend from long-term investment	3,770	150,737
Total	102,160	193,631

19. Operating expenses

	<i>Current period</i> VND million	<i>Previous period</i> VND million
1. Tax payment and other fees	1,964	2,084
2. Personnel expenses	913,373	675,091
Employees remuneration	811,368	613,844
Salary related allowance	68,650	39,615
Allowance	24,749	18,111
Other expense	8,606	3,521
3. Fixed asset expenses	332,243	314,276
<i>In which: depreciation and amortization of fixed assets</i>	58,622	72,809
4. Administrative expenses	541,618	441,601
<i>In which:</i>		
Expense relating to business trips	28,889	20,557
Union activities	157	1,121
5. Insurance expenses, insurance for customers' deposits	84,951	80,907
6. Provision expense (excluding provision expense for credit losses, provision expense for investment securities)	(10,003)	37,141
7. Other expenses	-	-
Total	1,864,146	1,551,100

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VII. OTHER INFORMATION

20. Related parties

Related party transactions include all transactions undertaken with other entities to which the Bank 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 if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
- ▶ controls, is controlled by, or is under common control with the Bank (including parents and subsidiaries);
 - ▶ has an interest (owning 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence over the Bank;
 - ▶ has joint control over the Bank;
- (b) The party is a joint venture in which the Bank are ventures (owning over 11% of the charter capital or voting share capital but is not a subsidiary of the Bank);
- (c) The party is a member of the key management personnel (including Chief Financial Officer and Chief Accountant) of the Bank 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 period are as follows:

<u>Related party</u>	<u>Transactions</u>	<u>Current period VND million</u>
Major shareholders and related parties of major shareholders	Deposits	9,591,558
	Withdraw	10,026,034
Companies in which the Bank has long-term investments	Deposits	94,298,814
	Withdraw	94,634,489
Subsidiaries	Deposits	21,210,680
	Withdraw	20,609,345

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Receivables and payables with related parties at period-ending are as follows:

<i>Related party</i>	<i>Transactions</i>	<i>30 September 2018</i>	
		<i>VND million</i>	
		<i>Receivables</i>	<i>Payables</i>
Major shareholders and related parties of major shareholders	Term deposits	-	(99,215)
	Demand deposits	-	(77,016)
	Margin deposits	-	(47)
	Loans	470,370	
Companies in which the Bank has long-term investments	Term deposits	-	(2,913,867)
	Demand deposits	-	(208,842)
	Margin deposits	-	(2)
	Loans	1,342,297	-
Subsidiaries	Term deposits	-	(93,000)
	Demand deposits	-	(666,891)
	Loans	1,180,000	-

21. Concentration of assets, liabilities and off-balance sheet items by geographical regions

	<i>Loans</i>	<i>Deposits</i>	<i>Credit commitment</i>	<i>Derivatives</i>	<i>Trading and investment securities</i>
Domestic	110,820,402	26,281,889	5,750,806	31,611,880	44,116,235
Oversea	-	361,392	-	-	-

VIII. FINANCIAL RISK MANAGEMENT

22. Risk management related to financial instruments

Risk is inherent in the Bank's 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's continuing profitability and each individual within the Bank is accountable for the risk prevention within his or her responsibilities. The Bank are exposed to credit risk, liquidity risk and market risk (then being subdivided into trading and non-trading risks). The Bank is 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's policy is to monitor those business risks through the Bank's 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.

(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's activities.

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Risk Management Committee analyses and provides warnings on the potential risks that may affect the Bank's 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 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.

(v) *Internal Audit*

According to the annual internal audit plan, business processes throughout the Bank is audited annually by the internal audit function, which examines both the adequacy of the procedures and compliance with the Bank's 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's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which is 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 in compliance with the State Bank of Vietnam's regulations. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept.

Information compiled from all business activities is examined and processed in order to analyses, 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.

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

(vii) *Risk mitigation*

The Bank has actively used collateral to mitigate credit risk.

(viii) *Excessive risk concentration*

Concentrations arise when a number of counterparties of the Bank is 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's performance to the developments of a particular industry or geographic allocation.

In order to avoid excessive concentrations of risk, the Bank'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 in respect of the industries and other related factors.

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23. Credit risk

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

The Bank manages 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 has 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, including frequently review collateral. 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 balances with the SBV, due from and loans to other credit institutions, loans to customers in currencies.

24. Market risk

24.1 Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair values of financial instruments. The Bank 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 manage this risk by matching the dates of interest rate re-pricing of assets and liabilities through risk management strategies.

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

The repricing period of interest rate of assets and liabilities is the term calculated from the balance sheet date to the nearest repricing date of interest rate or remaining contractual term whichever is earlier.

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; long-term investments and other assets (including fixed assets 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 due to the SBV, due from and loans to other credit institutions; loans to customers; grants, entrusted funds and loans exposure to risks; due to and loan from other credit institutions and 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 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 balance sheet date.
- ▶ The re-pricing term of valuable papers issued is determined based on the time to the nearest interest rate re-pricing date from the balance sheet date.

The following table presents the interest re-pricing period of the Bank's assets and liabilities as at 30 September 2018:

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Items	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	-	1,828,612	-	-	-	-	-	-	1,828,612
Balances with the State Bank of Vietnam	-	-	2,343,799	-	-	-	-	-	2,343,799
Due from and loans to other credit institutions (*)	-	-	17,689,186	5,879,914	730,382	-	-	-	24,299,482
Securities held for trading (*)	-	2,342,829	-	-	-	-	-	-	2,342,829
Derivatives and other financial assets	-	21,021	-	-	-	-	-	-	21,021
Loans to customers (*)	2,272,332	-	5,677,580	102,870,490	-	-	-	-	110,820,402
Purchased debts (*)	7,749	-	-	-	-	-	-	-	7,749
Investment securities (*)	62,259	2,549,018	2,299,378	5,572,510	3,122,722	6,537,662	16,404,263	5,225,594	41,773,406
Long-term investments (*)	-	1,227,045	-	-	-	-	-	-	1,227,045
Fixed assets	-	1,472,983	-	-	-	-	-	-	1,472,983
Other assets (*)	52,891	6,446,353	13,779	71,771	22,422	-	-	-	6,607,216
Total assets	2,395,231	15,887,861	28,023,722	114,394,685	3,875,526	6,537,662	16,404,263	5,225,594	192,744,544
Liabilities									
Due to and borrowings from the SBV and other credit institutions	-	-	26,681,709	1,952,672	-	-	1,167,000	1,167,000	30,968,381
Due to customers	-	471,918	44,918,845	24,745,917	24,743,587	27,663,033	7,515,637	2,164	130,061,101
Derivatives and other financial liabilities	-	-	-	-	-	-	-	-	-
Grants, entrusted funds and loans exposed to risks	-	-	1,844	-	2,987,520	-	-	74,155	3,063,519
Valuable papers issued	-	-	-	350,000	-	-	6,500,000	2,500,000	9,350,000
Other liabilities (*)	-	2,912,095	29,225	1,941	3,729	-	18,206	3,113	2,968,309
Total liabilities	-	3,384,013	71,631,623	27,050,530	27,734,836	27,663,033	15,200,843	3,746,432	176,411,310
On-balance sheet interest sensitivity gap	2,395,231	12,503,848	(43,607,901)	87,344,155	(23,859,310)	(21,125,371)	1,203,420	1,479,162	16,333,234
Off-balance sheet interest sensitivity gap	-	(5,750,806)	-	-	-	-	-	-	(5,750,806)
Interest sensitivity gap (on, off-balance sheet)	2,395,231	6,753,042	(43,607,901)	87,344,155	(23,859,310)	(21,125,371)	1,203,420	1,479,162	10,582,428

these items exclude provision.

This translation is for informational purpose only, NOT an official version

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24.2 *Currency risk*

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

The Bank is incorporated and operating in Vietnam with reporting currency as VND, the major currency of its transaction is also VND. Financial assets and financial liabilities of the Bank are almost denominated in VND and a proportion in USD, EUR and gold. The Bank have set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure that the positions of the currencies are maintained within the established limits.

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The following table presents assets and liabilities in foreign currencies translated into VND as at 30 September 2018:

<i>Items</i>	<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	171,591	435,774	19,338	252,035	878,738
Balances with the State Bank of Vietnam	-	3,277	-	-	3,277
Due from and loans to other credit institutions (*)	6,436,460	2,244,531	-	65,119	8,746,110
Derivatives and other financial assets	-	-	-	-	-
Loans to customers (*)	4,899	10,194,185	-	74,155	10,273,239
Other assets (*)	190,400	133,181	-	1,548	325,129
Total assets	6,803,350	13,010,948	19,338	392,857	20,226,493
Liabilities					
Due to and borrowings from other credit institutions	-	4,083,803	-	-	4,083,803
Due to customers	66,274	1,976,676	-	83,972	2,126,922
Grants, entrusted funds and loans exposed to risks	-	2,988,673	-	74,155	3,062,828
Derivatives and other financial liabilities	6,714,943	3,827,048	-	222,428	10,764,419
Other liabilities	3,235	72,978	186	1,653	78,052
Total liabilities	6,784,452	12,949,178	186	382,208	20,116,024
Foreign exchange position on-balance sheet	18,898	61,770	19,152	10,649	110,469
Foreign exchange position off-balance sheet	(25,816)	83,740	-	(11,273)	46,651
Foreign exchange position on and off-balance sheet	(6,918)	145,510	19,152	(624)	157,120

(*) These items exclude provision.

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24.3 *Liquidity risk*

Liquidity risk is the risk which the Bank has difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank has diversified the mobilization of deposits from various sources in addition to its basic capital resources. In addition, the Bank has established policy for control of liquidity assets flexibly; monitor the future cash flows and daily liquidity. The Bank has 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's assets and liabilities:

- ▶ Balances with the SBV 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 to the SBV, due from and loans to other credit institutions, loans to customers is 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, 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 assets are determined based on remaining useful life of assets.

The following table presents assets and liabilities maturity from the Bank at 30 September 2018.

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Items	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 and gold	-	-	1,828,612	-	-	-	-	1,828,612
Balances with the State Bank of Vietnam	-	-	2,343,799	-	-	-	-	2,343,799
Due from and loans to other credit institutions (*)	-	-	17,689,186	5,879,914	730,382	-	-	24,299,482
Securities held for trading (*)	-	-	-	-	157,841	1,677,236	507,752	2,342,829
Derivatives and other financial assets	-	-	(23,759)	34,855	9,925	-	-	21,021
Loans to customers (*)	1,182,914	1,089,418	5,677,580	18,379,559	40,880,805	17,407,568	26,202,558	110,820,402
Purchased debts (*)	7,749	-	-	-	-	-	-	7,749
Investment securities (*)	62,259	-	3,112,419	4,557,248	9,194,250	16,191,636	8,655,594	41,773,406
Long-term investments (*)	-	-	-	-	-	-	1,227,045	1,227,045
Fixed assets	-	-	967,471	-	-	20,659	484,853	1,472,983
Other assets (*)	52,891	-	6,460,132	71,771	22,422	-	-	6,607,216
Total assets	1,305,813	1,089,418	38,055,440	28,923,347	50,995,625	35,297,099	37,077,802	192,744,544
Liabilities								
Due to and borrowings from the SBV and other credit institutions	-	-	26,681,952	1,801,736	5,856	1,293,147	1,185,690	30,968,381
Due to customers	-	-	45,390,763	24,745,917	52,406,620	7,515,637	2,164	130,061,101
Grants, entrusted funds and loans exposed to risks	-	-	-	-	691	-	3,062,828	3,063,519
Valuable papers issued	-	-	-	350,000	-	6,500,000	2,500,000	9,350,000
Other liabilities (*)	-	-	2,941,318	1,798	6	18,326	6,861	2,968,309
Total liabilities	-	-	75,014,033	26,899,451	52,413,173	15,327,110	6,757,543	176,411,310
In-balance sheet interest sensitivity gap	1,305,813	1,089,418	(36,958,593)	2,023,896	(1,417,548)	19,969,989	30,320,259	16,333,234

(*) These items exclude provision.



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
(issued under Circular No.

49/2014/TT- NHNN dated 31 December 2014)

Prepared by:



Ms. Le Thi Thao
Accountant

Reviewed by: 



Ms. Ho Dang Hoang Quyên
Chief Accountant

Approved by: 



Mr. Phạm Văn Dâu
Chief Financial Officer

Ho Chi Minh City, Vietnam

26 October 2018