

**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS**

For the fiscal year ended December 31, 2017

**VIETNAM - ASIA COMMERCIAL JOINT
STOCK BANK**

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REPORT OF THE BOARD OF GENERAL DIRECTORS

For the fiscal year ended December 31, 2017

The Board of General Directors of Vietnam - Asia Commercial Joint Stock Bank has the honor of submitting this report and the audited consolidated financial statements for the fiscal year ended December 31, 2017.

1. Business highlights

Establishment:

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

The Bank was established on the basis of merger between Sai Gon Financial Joint Stock Company and Da Nang Rural Commercial Joint Stock Bank under Decision No. 440/QĐ/NHNN dated 9 May 2003 issued by the State Bank of Vietnam ("SBV"). The Bank operates under Banking License No. 12/NH-GP dated 9 May 2003 issued by the SBV and Business Registration Certificate No. 0302963695 dated 19 June 2003 issued by the Department of Planning and Investment of Ho Chi Minh City and its updates from the 25th amendment dated 07 November 2017 issued by the Department of Planning and Investment of Hanoi. The Banking License of the Bank is valid for 99 years from the issued date.

The Bank's principal activities:

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

Short name: VIETABANK

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

2. Financial position and results of operation:

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

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

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

REPORT OF THE BOARD OF GENERAL DIRECTORS

For the fiscal year ended December 31, 2017

Board of Management:

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

Mr. PHUONG HUU VIET	Chairman
Mr. PHAN VAN TOI	Vice Chairman
Ms. PHUONG THANH NHUNG	Vice Chairman
Mr. NGO TAN DUNG	Vice Chairman
Mr. LE DAC CU	Member

Board of Supervisors

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

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

Board of General Directors and Chief Accountant:

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

Mr. LE XUAN VU	General Director (upto 20 March 2017)
Mr. NGUYEN VAN HAO	Acting General Director (from 21 March 2017) General Director (from 8 July 2017)
Mr. PHAM LINH	Deputy General Director
Mr. PHUONG XUAN THUY	Deputy General Director (from 02 October 2017)
Mr. LA QUANG TRUNG	Chief Accountant

Legal representatives of the Bank

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

4. Auditor

Auditing and Informatic Services Company Limited (AISC) has been appointed as an independent auditor for the fiscal year ended December 31, 2017.

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

The Board of General Directors of the Bank is responsible for the preparation of the consolidated financial statements which give a true and fair view of the financial position of the Bank as of December 31, 2017 as well as its results of operation and cash flows for the year then ended. In order to prepare these consolidated financial statements, the Board of General Directors has considered and complied with the following matters:

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

REPORT OF THE BOARD OF GENERAL DIRECTORS

For the fiscal year ended December 31, 2017

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

6. Approval of the Financial Statements

In the Board of General Director's opinion, the consolidated financial statements consisting of Consolidated Balance Sheet as at December 31, 2017, Consolidated Income Statement, Consolidated Cash Flow Statement and Notes to the Consolidated Financial Statements enclosed with this report give a true and fair view of the financial position of the Bank as well as its operating results and cash flows for the fiscal year ended December 31, 2017.

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

Hanoi City, April 18, 2018

For and on behalf of the Board of General Directors



NGUYEN VAN HAO

General Director



No.: A0617267-HN/AISC-DN6

CÔNG TY TNHH KIỂM TOÁN VÀ DỊCH VỤ TIN HỌC TP.HCM

Auditing And Informatic Services Company Limited

Office: 389A Điện Biên Phủ, Phường 4, Quận 3, TP.Hồ Chí Minh

Tel: (84.28) 3832 9129 (10 Lines)

Fax: (84.28) 3834 2957

Email: info@aisc.com.vn

Website: www.aisc.com.vn



INDEPENDENT AUDITOR'S REPORT

To:

**The Shareholders, Board of Management and Board of General Directors
VIETNAM - ASIA COMMERCIAL JOINT STOCK BANK**

We have audited the consolidated financial statements of VIETNAM - ASIA COMMERCIAL JOINT STOCK BANK ("the Bank") consisting of Consolidated Balance Sheet as at December 31, 2017, Consolidated Income Statement, Consolidated Cash Flows Statement for the year then ended and Notes to the Consolidated Financial Statements as set out on Page 05 to Page 54, which were prepared on April 18, 2018.

Responsibility of the Board of General Directors

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

Responsibility of the Auditor

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

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

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

Auditor's opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of VIETNAM - ASIA COMMERCIAL JOINT STOCK BANK as at December 31, 2017 as well as the consolidated results of its operation and its cash flows for the year then ended. The consolidated financial statements are prepared in compliance with the prevailing Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and other statutory requirements relevant to the preparation and presentation of the consolidated financial statements.



Hồ Chí Minh City, April 18, 2018

GENERAL DIRECTOR

PHAM VAN VINH

Certificate of Audit Practice Registration

No. 0112-2018-005-1

Issued by the Ministry of Finance

AUDITOR

PHAM THI THANH MAI

Certificate of Audit Practice Registration

No. 1044-2018-005-1

Issued by the Ministry of Finance

CONSOLIDATED BALANCE SHEET

As at December 31, 2017

Unit: VND

ITEMS	Notes	Dec. 31, 2017	Jan. 01, 2017
A. ASSETS			
I. Cash on hand, gold and gemstones	V.01	271.566.347.145	394.046.806.149
II. Balances with the State Bank of Vietnam	V.02	243.616.552.330	250.032.797.911
III. Deposits with and loans to other credit institutions	V.03	12.353.454.916.824	10.190.226.386.090
1. Deposits with other credit institutions		11.353.454.916.824	9.902.159.386.090
2. Loans to other credit institutions		1.000.000.000.000	288.067.000.000
3. Provisions for losses		-	-
IV. Held-for-trading securities	V.04	-	1.368.722.198.188
1. Held-for-trading securities		-	1.370.884.561.726
2. Provisions for losses of held-for-trading securities		-	(2.162.363.538)
V. Derivative financial instruments and other financial assets		1.561.550.000	-
VI. Loans to customers		33.898.537.148.139	30.005.618.863.723
1. Loans to customers	V.5.1	34.226.235.570.361	30.415.689.594.862
2. Provisions for credit losses of loans to customers	V.5.2	(327.698.422.222)	(410.070.731.139)
VII. Debts purchasing activities	V.06	1.900.946.560	2.950.946.560
1. Debts purchasing		1.900.946.560	2.950.946.560
2. Provisions for losses of debts purchasing activities		-	-
VIII. Investment securities	V.07	12.521.682.278.812	13.817.018.012.990
1. Available-for-sale securities		9.987.502.744.571	11.337.818.757.754
2. Held-to-maturity securities		3.068.937.094.700	2.904.722.289.224
3. Provisions for impairment of investment securities		(534.757.560.459)	(425.523.033.988)
IX. Long-term investments	V.08	313.373.630.000	247.433.630.000
1. Investments in subsidiaries		-	-
2. Investments in joint-ventures		-	-
3. Investments in associates		-	-
4. Investments in equity of other entities		313.373.630.000	247.433.630.000
5. Provision for decline in the value of long-term investments		-	-

CONSOLIDATED BALANCE SHEET

As at December 31, 2017

Unit: VND

ITEMS	Notes	Dec. 31, 2017	Jan. 01, 2017
X. Fixed assets		216.895.851.497	244.343.268.162
1. Tangible fixed assets	V.9	96.480.384.720	117.966.525.639
a. Cost		295.531.486.002	287.239.792.343
b. Accumulated depreciation		(199.051.101.282)	(169.273.266.704)
2. Finance lease assets		-	-
a. Cost		-	-
b. Accumulated depreciation		-	-
3. Intangible fixed assets	V.10	120.415.466.777	126.376.742.523
a. Cost		212.717.049.940	212.218.049.940
b. Accumulated amortisation		(92.301.583.163)	(85.841.307.417)
XI. Investment Properties		-	-
a. Cost		-	-
b. Accumulated depreciation		-	-
XII. Other assets	V.11	4.611.571.120.505	4.944.799.274.606
1. Receivables		1.334.734.663.075	1.909.738.375.460
2. Accrued interest and fees receivable		2.890.789.678.106	2.802.403.747.867
3. Deferred income tax assets		-	-
4. Other assets		483.451.505.065	232.657.151.279
- In which: Goodwill		-	-
5. Provisions for impairment of other balance sheet assets		(97.404.725.741)	-
TOTAL ASSETS		64.434.160.341.812	61.465.192.184.379

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CONSOLIDATED BALANCE SHEET*As at December 31, 2017**Unit: VND*

ITEMS	Notes	Dec. 31, 2017	Jan. 01, 2017
B. LIABILITIES AND EQUITY			
I. Borrowings from the Government and the State Bank of Vietnam			
		-	-
II. Deposits and borrowings from other credit institutions	V.12	22.770.280.624.565	23.827.278.940.897
1. Deposits from other credit institutions		13.654.988.390.756	12.619.005.257.542
2. Borrowings from other credit institutions		9.115.292.233.809	11.208.273.683.355
III. Deposits from customers	V.13	34.402.402.943.369	32.189.715.999.129
IV. Derivative financial instruments and other financial liabilities		-	-
V. Grants, trusted funds and borrowings at risk of the credit	V.14	24.852.998.000	43.473.180.000
VI. Valuable papers issued	V.15	2.163.574.657.610	675.349.403.443
VII. Other liabilities	V.16	956.595.858.997	711.722.889.176
1. Accrued interest and fees payable		855.113.198.660	653.149.679.227
2. Deferred income tax liabilities		-	-
3. Other liabilities		101.482.660.337	58.573.209.949
4. Provisions for other risk (Provisions for contingent liabilities)		-	-
TOTAL LIABILITIES		60.317.707.082.541	57.447.540.412.645

CONSOLIDATED BALANCE SHEET

As at December 31, 2017

Unit: VND

ITEMS	Notes	Dec. 31, 2017	Jan. 01, 2017
VIII. Capital and reserves	V.17	4.116.453.259.271	4.017.651.771.734
1. Contributed capital		3.500.102.540.351	3.500.102.398.945
<i>a. Charter capital</i>		3.499.990.470.000	3.499.990.470.000
<i>b. Investment reserve for basic construction, purchases of fixed assets</i>		-	-
<i>c. Share premium</i>		98.600.000	98.600.000
<i>d. Treasury shares</i>		-	-
<i>e. Preferred shares</i>		-	-
<i>f. Other capital</i>		13.470.351	13.328.945
2. Reserves		178.180.092.175	163.359.967.758
3. Foreign exchange differences		-	-
4. Difference upon assets revaluation		-	-
5. Undistributed earnings/Accumulated losses		438.170.626.745	354.189.405.031
TOTAL LIABILITIES AND OWNERS' EQUITY		64.434.160.341.812	61.465.192.184.379

OFF-BALANCE SHEET ITEMS

ITEMS	Notes	Dec. 31, 2017	Jan. 01, 2017
1. Credit guarantees		-	-
2. Commitments on foreign exchange		4.081.350.000.000	1.396.017.000.000
2.1 Commitments on purchase of foreign currencies		-	731.247.000.000
2.2 Commitments on sale of foreign currencies		-	664.770.000.000
2.3 Cross currency swap contracts		4.081.350.000.000	-
2.4 Cross currency futures contracts		-	-
3. Undisputed loan commitment		-	-
4. Letters of credit		21.036.457.455	102.043.867.730
5. Other guarantees		218.895.113.140	454.761.755.695
6. Other commitments		-	-

PREPARED BY



NGUYEN HUU CUONG

CHIEF ACCOUNTANT



LA QUANG TRUNG

Ha Noi City, April 18, 2018

GENERAL DIRECTOR




NGUYEN VAN HAO

CONSOLIDATED INCOME STATEMENT

For the fiscal year ended December 31, 2017

Unit: VND

ITEMS	Notes	Year 2017	Year 2016
1. Interest and similar income	VI.18	4.130.321.144.978	3.141.131.640.966
2. Interest and similar expenses	VI.19	2.986.215.394.763	2.307.664.980.223
I. Net interest income		1.144.105.750.215	833.466.660.743
3. Income from services		12.180.813.803	14.783.287.121
4. Expenses on services		19.181.086.473	19.056.191.230
II. Net gain/(loss) from services	VI.20	(7.000.272.670)	(4.272.904.109)
III. Net gain/(loss) from trading foreign currencies	VI.21	(42.857.915.296)	(68.955.621.559)
IV. Net gain/(loss) from trading securities	VI.22	(82.522.834.271)	119.945.669.959
V. Net gain/(loss) from investment securities	VI.23	35.866.441.053	(87.366.739.860)
5. Other operating income		22.419.251.775	180.484.357.466
6. Other operating expenses		95.674.211.987	29.252.115.658
VI. Net gain/(loss) from other activities	VI.24	(73.254.960.212)	151.232.241.808
VII. Income from investments in other entities	VI.25	14.319.981.560	10.366.653.680
VIII. Operating expenses	VI.26	558.703.451.758	485.257.225.366
IX. Net profit from operating activities before credit provision expenses		429.952.738.621	469.158.735.296
X.1 Provision expenses for credit losses	VI.27	308.121.692.935	362.676.091.145
XI. Profit before tax		121.831.045.686	106.482.644.151
7. Current corporate income tax expense		23.029.273.534	7.052.620.310
8. Deferred corporate income tax expense		-	-
XII. Total income tax expense	VI.28	23.029.273.534	7.052.620.310
XIII. Profit after tax		98.801.772.152	99.430.023.841
XIV. Minority interests		-	-
XV. Earnings per share	V.17.2	282	284

Ha Noi City, April 18, 2018

PREPARED BY



NGUYEN HUU CUONG

CHIEF ACCOUNTANT



LA QUANG TRUNG

GENERAL DIRECTOR



NGUYEN VAN HAO

CONSOLIDATED CASH FLOW STATEMENT

(Under direct method)

For the fiscal year ended December 31, 2017

Unit: VND

ITEMS	Notes	Year 2017	Year 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
01. Interest and similar income received		4.044.640.334.148	3.344.600.254.154
02. Interest and similar expenses paid		(2.871.294.825.603)	(2.165.836.556.083)
03. Net fee and commission (expenses paid)/income received		(7.000.272.670)	(4.272.904.109)
04. Net (payments for)/receipts from trading activities (foreign currencies, gold and securities)		(89.514.308.514)	(36.376.691.460)
05. (Other expenses paid)/ other income received		(463.748.962.064)	(29.383.936.069)
06. Receipts from debts written - off or paid off by risk fund		-	-
07. Salaries and operating expenses paid		(521.792.194.903)	(455.203.097.693)
08. Corporate income tax paid during the year		(6.480.163.768)	(33.891.343.794)
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>		84.809.606.626	619.635.724.946
<i>Changes in operating assets</i>			
09. (Increase)/Decrease in deposits with and loans to other credit institution		(711.933.000.000)	(3.497.000.000)
10. (Increase)/Decrease in held-for-trading securities		2.664.057.932.366	(4.025.040.439.344)
11. (Increase)/Decrease in derivatives and other financial assets		(1.561.550.000)	-
12. (Increase)/Decrease in loans and advances to customers		(3.809.495.975.499)	(10.111.936.667.516)
13. Utilisations of allowance for credit losses		-	(50.672.666.235)
14. (Increase)/Decrease in other operating assets		286.766.139.474	(592.239.843.666)

CONSOLIDATED CASH FLOW STATEMENT

(Under direct method)

For the fiscal year ended December 31, 2017

Unit: VND

ITEMS	Notes	Year 2017	Year 2016
<i>Changes in operating liabilities</i>			
15. Increase/(Decrease) in borrowings from the State Bank of Vietnam		-	-
16. Increase/(Decrease) in deposits and borrowings from other credit institutions		(1.056.998.316.332)	10.961.918.143.571
17. Increase/(Decrease) in deposits from customers (including State Treasury)		2.212.686.944.240	7.749.916.128.641
18. Increase/(Decrease) in issued valuable papers (excluding issued valuable papers charged to financial activities)		1.488.225.254.167	666.872.376.943
19. Increase/(Decrease) in grants, trusted funds and borrowing at risk of the credit institution		(18.620.182.000)	17.338.680.000
20. Increase/(Decrease) in derivatives and other financial liabilities		-	-
21. Increase/(Decrease) in other operating liabilities		244.872.685.206	63.907.594.822
22. Cash outflows from reserves of the credit institution		-	(1.336.284.365)
I. Net cash flows from operating activities		1.382.809.538.248	5.294.865.747.797
CASH FLOWS FROM INVESTING ACTIVITIES			
01. Payments for purchases of fixed assets		(8.790.693.659)	(18.120.002.500)
02. Proceeds from disposals of fixed assets		-	54.763.850.910
03. Expenses on disposals of fixed assets		-	-
04. Payments for purchases of investment properties		-	-
05. Proceeds from disposals of investment properties		-	-
06. Expenses on disposals of investment properties		-	-
07. Investments in other entities		(65.940.000.000)	-
08. Proceeds from divestment in other entities		-	68.219.594.400
09. Receipts of dividends and profit distributions from capital contribution, long-term investment		14.319.981.560	10.366.653.680
II. Net cash flows from investing activities		(60.410.712.099)	115.230.096.490

CONSOLIDATED CASH FLOW STATEMENT

(Under direct method)

For the fiscal year ended December 31, 2017

Unit: VND

ITEMS	Notes	Year 2017	Year 2016
CASH FLOWS FROM FINANCING ACTIVITIES			
01. Proceeds from share capital issued		-	-
02. Proceeds from long-term valuable papers issued that are eligible into equity and other long-term loans		-	-
03. Expenses on long-term valuable papers paid that are eligible into equity and other long-term loans		-	-
04. Dividends paid		-	-
05. Payments for purchases of treasury shares		-	-
06. Proceeds from purchases of treasury shares		-	-
III. Net cash flows from financing activities		-	-
IV. Net cash flows during the year		1.322.398.826.149	5.410.095.844.287
V. Cash and cash equivalents at the beginning of the year		10.546.238.990.150	5.136.143.145.863
VI. Effects of changes in foreign exchange rates		-	-
VII. Cash and cash equivalents at the end of the year	VII.29	11.868.637.816.299	10.546.238.990.150

Ha Noi City, April 18, 2018

PREPARED BY



NGUYEN HUU CUONG

CHIEF ACCOUNTANT



LA QUANG TRUNG

GENERAL DIRECTOR



NGUYEN VAN HAO

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

I. Business highlights of credit institution

1. License for establishment and operation, validity term

The Vietnam - Asia Commercial Joint Stock Bank was established under Business Registration Certificate No. 0302963695 dated 19 June 2003 issued by the Department of Planning and Investment of Ho Chi Minh City and its updates from the 25th amendment dated 07 November 2017 issued by the Department of Planning and Investment of Hanoi. The Bank operates under Banking License No. 12/NH-GP dated 9 May 2003 issued by the SBV. The Banking License of the Bank is valid for 99 years from the issued date.

2. Structure of ownership: Joint -Stock.

3. The Bank's principal activities

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

4. Head office

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

Number of branches: 21 (twenty one)

5. Subsidiary

As at 31 December 2017, the Bank had one (01) directly owned company as follows:

<i>Company's name and address</i>	<i>Operation License</i>	<i>Principal activities</i>	<i>Chartered capital</i>	<i>Percentage of equity owned and voting rights</i>
Vietnam Asia Commercial Bank Asset Management One Member Limited Company	2764/QD-NHNN dated 18/11/2010	Debt Management And Asset Exploitation	500.000.000.000	100%

6. Total employees to 31 Dec. 2017: 1.347 persons (31 Dec. 2016: 1.582 persons).

II. Annual accounting period, accounting and presentation currency

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2017**Unit: VND***III. Applicable Accounting Standards and Regimes****Disclosure of compliance with Vietnamese Accounting Standards (VAS) or prevailing regulations:**

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

Regimes and accounting system applied

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

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

The consolidated financial statements include the financial statements of Vietnam - Asia Commercial Joint Stock Bank and its subsidiaries - Vietnam Asia Commercial Joint Stock Bank Asset Management One Member Limited Company (hereinafter referred to as "the Group") for the year ended 31 December 2017.

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

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

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

2. Translation currency

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

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

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

Exchange rate at 30 December 2017:

VND/USD : 22,425	VND/JPY: 192.96	VND/thread: 3,640,000
VND/CAD: 17,972	VND/AUD: 17,609	
VND/EUR: 25,981	VND/SGD: 16,891	
VND/GBP: 29,263	VND/CHF: 22,250	

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2017**Unit: VND***4. Fees and commissions income**

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

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

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

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

Classifying loans and provision for credit losses

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

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

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

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

Provision for credit losses

Provision for credit losses includes specific provision and general provision.

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

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

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

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2017**Unit: VND****Handling credit risk***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2017**Unit: VND***6.2. Investment securities**

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

Held-to-maturity securities

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

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

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

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

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

Special bonds issued by VAMC

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

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

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

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

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

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

Available-for-sale securities

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

- Equity Securities

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

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2017**Unit: VND***- Debts Securities**

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

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

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

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

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

Investments in subsidiaries are recorded when the Bank holds more than 50% of voting rights and has the power to govern the financial and operating policies so as to obtain benefits from the Company. When the Bank no longer holds control of a subsidiary, the investment in the subsidiary is written-off. Investments in subsidiaries are reflected in the financial statements using the historical cost method.

Investments in subsidiaries are initially recorded at historical cost method, subsequently not adjusted for changes in the shareholdings of the investors in the net assets of the investee. Cost includes the buying price and any directly attributable costs of investing in it. Where investments by non-monetary assets are made, the cost of the investment is recognized at the fair value of the non-monetary assets at the time of acquisition.

7.2. Accounting other long-term investments

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

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

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

8. Accounting for tangible fixed assets

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2017**Unit: VND*

Determination of original costs of tangible fixed assets:

Tangible fixed assets purchased

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

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

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

Tangible fixed assets constructed or produced by the Group itself:

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

Tangible fixed assets purchased in the form of an exchange:

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

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

Tangible fixed assets augmented from other sources:

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

9. Principles for recording intangible fixed assets:

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

Determination of original costs of intangible fixed assets:

Purchase of separate intangible fixed assets

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

Land use right

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

Computer software

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2017**Unit: VND***10. Method of depreciating and amortizing fixed assets**

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

The estimated useful life for assets is as follows:

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

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

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

11. Accounting for leasing asset transactions

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

12. Cash and cash equivalents

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

13. Provisions

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

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

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

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

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

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

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2017**Unit: VND*

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

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

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

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

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

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

16. Owners' equity

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

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

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

Principles for recognising undistributed profit:

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

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

17. Entrusted operations at the risk of credit institutions

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

Entrusted operations of the Bank are including:

Entrusted operations of the Bank is not at risk

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

Entrusted operations of the Bank is at risk

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

18. Related parties

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

19. Principles for recording earnings per share

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

V. Additional information for items presented in the Consolidated Balance Sheet

	Dec. 31, 2017	Jan. 01, 2017
1. Cash, gold, silver, gemstones		
Cash in VND	200.292.366.800	250.063.591.800
Cash in foreign currencies	38.293.469.145	48.604.158.549
Monetary gold	32.980.511.200	95.379.055.800
Total	271.566.347.145	394.046.806.149
2. Balances with the State Bank of Vietnam		
	Dec. 31, 2017	Jan. 01, 2017
Payment deposits at the SBV	243.616.552.330	250.032.797.911
VND	212.622.315.111	174.408.405.604
Gold and Foreign currencies	30.994.237.219	75.624.392.307
Total	243.616.552.330	250.032.797.911
3. Cash at other credit institutions and loans granted to other credit institutions		
3.1. Deposits at other institutions	Dec. 31, 2017	Jan. 01, 2017
Demand deposits	7.809.329.916.824	4.402.159.386.090
VND	7.739.027.969.669	4.314.430.762.681
Foreign currencies	70.301.947.155	87.728.623.409
Term deposits	3.544.125.000.000	5.500.000.000.000
VND (*)	2.848.950.000.000	5.500.000.000.000
Foreign currencies(**)	695.175.000.000	-
Total	11.353.454.916.824	9.902.159.386.090

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

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

	Amount	Maturity date
Southeast Asia Commercial Joint Stock Bank	224.430.000.000	06/02/2018
National Citizen Commercial Joint Stock Bank	300.000.000.000	12/01/2018
National Citizen Commercial Joint Stock Bank	300.000.000.000	15/01/2018
National Citizen Commercial Joint Stock Bank	400.000.000.000	17/01/2018
Vietnam Public Joint Stock Commercial Bank	400.000.000.000	03/01/2018
Vietnam Public Joint Stock Commercial Bank	400.000.000.000	04/01/2018
Viet Capital Commercial Joint Stock Bank	200.000.000.000	16/01/2018
Viet Capital Commercial Joint Stock Bank	100.000.000.000	25/01/2018
North Asia Commercial Joint Stock Bank	300.000.000.000	02/01/2018
Lien Viet Post Joint Stock Commercial Bank	224.520.000.000	09/02/2018
Total	<u>2.848.950.000.000</u>	

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

	Amount (USD)	Converted to VND	Maturity date
Southeast Asia Commercial Joint Stock Bank	10.000.000	224.250.000.000	09/02/2018
Military Commercial Joint Stock Bank - HO	6.000.000	134.550.000.000	03/01/2018
Military Commercial Joint Stock Bank - HO	5.000.000	112.125.000.000	05/01/2018
Lien Viet Post Joint Stock Commercial Bank	10.000.000	224.250.000.000	06/02/2018
Total		<u>695.175.000.000</u>	

3.2. Loans granted to other credit institutions

	Dec. 31, 2017	Jan. 01, 2017
VND	1.000.000.000.000	-
Foreign currencies	-	288.067.000.000
Total	<u>1.000.000.000.000</u>	<u>288.067.000.000</u>
Total of deposits with and loans to other credit institutions	<u>12.353.454.916.824</u>	<u>10.190.226.386.090</u>

	Dec. 31, 2017	Jan. 01, 2017
Analysis quality loan portfolio, deposits with other credit institutions		
- Current debts	4.544.125.000.000	5.788.067.000.000
Total	<u>4.544.125.000.000</u>	<u>5.788.067.000.000</u>

4. Held-for-trading securities

4.1 Debt Securities

	Dec. 31, 2017	Jan. 01, 2017
- Government Securities, local government securities	-	1.331.434.500.000
Total	<u>-</u>	<u>1.331.434.500.000</u>

4.2 Equity Securities

	Dec. 31, 2017	Jan. 01, 2017
- Equity securities issued by domestic economic organizations	-	39.450.061.726
Total	<u>-</u>	<u>39.450.061.726</u>

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

	Dec. 31, 2017	Jan. 01, 2017
4.3 Other trading securities		
4.4 Provisions for losses of held-for-trading securities	-	(2.162.363.538)
In which: - Provision for impairment	-	(2.162.363.538)
4.5 Notes on the listed status of trading securities	Dec. 31, 2017	Jan. 01, 2017
Debt Securities:	-	1.331.434.500.000
+ Listed	-	1.331.434.500.000
+ Unlisted	-	-
Equity Securities:	-	39.450.061.726
+ Listed	-	38.946.061.726
+ Unlisted	-	504.000.000
5. Loans granted to customers		
5.1 Loans granted to customers	Dec. 31, 2017	Jan. 01, 2017
Loans granted to local economic institutions, individuals	34.161.823.288.136	30.378.476.824.058
Commercial paper discount and valuable documents	59.142.282.225	31.070.374.804
Capital financed, entrusted for investment	5.270.000.000	6.142.396.000
Total	34.226.235.570.361	30.415.689.594.862
- Analysis by loan quality	Dec. 31, 2017	Jan. 01, 2017
Current debts	33.165.579.838.461	29.729.194.312.968
Special mentioned debts	144.932.035.158	35.469.481.610
Sub-standard debts	17.919.573.008	309.791.704.057
Doubtful debts	22.724.257.699	7.253.711.894
Bad debts	875.079.866.035	333.980.384.333
Total	34.226.235.570.361	30.415.689.594.862
- Analysis by loan term	Dec. 31, 2017	Jan. 01, 2017
Short-term	8.285.141.796.884	5.487.108.778.015
Medium	6.193.116.432.534	6.860.408.575.643
Long-term	19.747.977.340.943	18.068.172.241.204
Total	34.226.235.570.361	30.415.689.594.862
- Analysis by type of customer and form of business	Dec. 31, 2017	Jan. 01, 2017
State-owned company	-	-
Limited liability company	6.081.213.163.213	4.720.100.805.103
Joint-stock company	23.446.934.941.124	22.478.952.989.088
Individuals and others	4.698.087.466.024	3.216.635.800.671
Total	34.226.235.570.361	30.415.689.594.862

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

- Analysis by industry

	Dec. 31, 2017	Jan. 01, 2017
Construction	5.557.886.455.475	5.883.570.973.129
Trade, production and processing	4.764.964.120.322	3.657.933.204.756
Warehousing, transportation and communications	426.339.111.992	941.461.179.918
Agriculture and forestry	389.180.837.579	831.243.650.106
Individuals and others	23.087.865.044.994	19.101.480.586.953
Total	34.226.235.570.361	30.415.689.594.862

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

<u>Current year</u>	<i>General provision</i>	<i>Specific provision</i>
Opening balance	210.920.259.777	199.150.471.362
Provisions made (reversed)	24.628.383.557	36.338.448.778
Use of provision for credit loss in the year	-	(143.339.141.252)
Closing balance	235.548.643.334	92.149.778.888

<u>Prior year</u>	<i>General provision</i>	<i>Specific provision</i>
Opening balance	140.710.665.286	87.300.152.585
Provisions made (reversed)	70.209.594.491	162.522.985.012
Use of provision for credit loss in the year	-	(50.672.666.235)
Closing balance	210.920.259.777	199.150.471.362

<u>Details of provisions</u>	Dec. 31, 2017	Jan. 01, 2017
Provisions for credit losses of loans and advances to customers	327.698.422.222	410.070.731.139
+ <i>General provision</i>	235.548.643.334	210.920.259.777
+ <i>Specific provision</i>	92.149.778.888	199.150.471.362
Total	327.698.422.222	410.070.731.139

6. Debts purchasing activities

	Dec. 31, 2017	Jan. 01, 2017
- Purchased debts in VND	1.900.946.560	2.950.946.560
Total	1.900.946.560	2.950.946.560

<u>Value of principal and interests of purchased debts as follows:</u>	Dec. 31, 2017	Jan. 01, 2017
- Principal of purchased debts	1.900.946.560	2.950.946.560
Total	1.900.946.560	2.950.946.560

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

7. Investment securities

	Dec. 31, 2017	Jan. 01, 2017
7.1. Available-for-sale securities		
a. Debt securities	9.913.427.782.845	11.250.993.857.754
- Government Securities, local government securities	2.350.566.144.147	1.625.179.700.198
- Debt securities issued by domestic economic organizations	7.562.861.638.698	9.625.814.157.556
b. Equity securities	74.074.961.726	86.824.900.000
- Equity securities issued by domestic economic organizations	74.074.961.726	86.824.900.000
c. Allowance for available-for-sale securities	(15.740.223.538)	(56.255.832.000)
In which: - Provision for impairment	(15.740.223.538)	(56.255.832.000)
Total	9.971.762.521.033	11.281.562.925.754

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

	Dec. 31, 2017	Jan. 01, 2017
- Debt securities issued by domestic economic entities (*)	400.000.000.000	400.000.000.000
Total	400.000.000.000	400.000.000.000

(*) Investments in bond companies as following:

Issuers	Maturity date	Interest rate	Number of bonds	Value of investment
Dien Bien Song Hong Energy Joint Stock Company	108 months	11.5% in the first 12 months; float = mobilizing interest rate + 4% for the rest of the time	400	400.000.000.000
Total				400.000.000.000

7.3. Special bonds issued by VAMC

	Dec. 31, 2017	Jan. 01, 2017
- Special bonds' par value	2.668.937.094.700	2.504.722.289.224
- Provision for special bonds	(519.017.336.921)	(369.267.201.988)
Total	2.149.919.757.779	2.135.455.087.236

8. Capital contribution, long-term investments

- Analyze the value of investment by type

	Dec. 31, 2017	Jan. 01, 2017
Investment in subsidiaries	-	-
Other long-term investments	313.373.630.000	247.433.630.000
Total	313.373.630.000	247.433.630.000

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

8. Capital contribution, long-term investments	Dec. 31, 2017			Jan. 01, 2017			
	Name	Original cost	Current value	Shareholding (%)	Original cost	Current value	Shareholding (%)
Equity investments in other entities		313.373.630.000	397.433.630.000		247.433.630.000	247.433.630.000	
<i>Hang Vuong Insurance Joint Stock Company</i>		33.000.000.000	112.200.000.000	11,00%	112.200.000.000	112.200.000.000	11,00%
<i>Son Tra Joint Stock Company</i>		49.500.000.000	49.500.000.000	8,25%	49.500.000.000	49.500.000.000	8,25%
<i>Yenbai VPG Mineral Joint Stock Company</i>		41.850.000.000	41.850.000.000	10,92%	41.850.000.000	41.850.000.000	10,92%
<i>Vinh Hao Mineral Water Joint Stock Company</i>		15.565.380.000	15.565.380.000	4,23%	15.565.380.000	15.565.380.000	4,23%
<i>Saigon Technologies, Inc.</i>		8.867.910.000	13.727.910.000	6,81%	13.727.910.000	13.727.910.000	7,54%
<i>Saigon Engineering Construction Investment Corporation (ECI SAIGON)</i>		10.183.620.000	10.183.620.000	11,00%	10.183.620.000	10.183.620.000	11,00%
<i>National Payment Corporation of Vietnam</i>		2.000.000.000	2.000.000.000	0,83%	2.000.000.000	2.000.000.000	0,83%
<i>International Trading Joint Stock Company</i>		904.720.000	904.720.000	10,00%	904.720.000	904.720.000	10,00%
<i>SAC Saigon Jewelry Joint Stock Company</i>		672.000.000	672.000.000	8,00%	672.000.000	672.000.000	8,00%
<i>The Ho Chi Minh City Credit Guarantee Fund For Small - Medium Enterprises</i>		500.000.000	500.000.000	1,00%	500.000.000	500.000.000	0,25%
<i>LCL, JSC</i>		330.000.000	330.000.000	0,11%	330.000.000	330.000.000	0,11%
<i>Petrolimex Group Commercial Joint Stock Bank (PG Bank)</i>		150.000.000.000	150.000.000.000	4,16%	-	-	-
Provision for decline in the value of long-term investments		-	-	-	-	-	-
Total		313.373.630.000	397.433.630.000		247.433.630.000	247.433.630.000	

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

9. Tangible fixed assets	Items	Buildings & structures	Machinery & equipment	Transportation & facilities	Others	Total
- Increase/decrease of tangible fixed assets in this year:						
Original cost						
Opening balance		86,118,057,874	136,041,237,925	59,495,706,020	5,584,790,524	287,239,792,343
- New purchases		-	1,648,385,910	12,494,395,222	1,788,948,562	15,931,729,694
- Other decreases		-	(1,038,993,351)	(5,314,415,222)	(1,286,627,462)	(7,640,036,035)
Closing balance		86,118,057,874	136,650,630,484	66,675,686,020	6,087,111,624	295,531,486,002
Accumulated depreciation						
Opening balance		21,395,708,511	103,807,811,588	41,665,372,965	2,404,373,640	169,273,266,704
- Charge for the year		10,145,418,496	13,781,246,503	6,182,017,794	342,298,317	30,450,981,110
- Disposal, sale		-	(673,146,532)	-	-	(673,146,532)
Closing balance		31,541,127,007	116,915,911,559	47,847,390,759	2,746,671,957	199,051,101,282
Net book value						
As at beginning of the year		64,722,349,363	32,233,426,337	17,830,333,055	3,180,416,884	117,966,525,639
As at the end of the year		54,576,930,867	19,734,718,925	18,828,295,261	3,340,439,667	96,480,384,720

* Ending original costs of tangible fixed assets—fully depreciated but still in use: 117,140,289,870

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

10. Intangible fixed assets

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

Items	Land use rights which are indefinite term	Computer software	Others	Total
Original cost				
Opening balance	112.001.521.341	94.525.293.214	5.691.235.385	212.218.049.940
- New purchases	-	59.000.000	440.000.000	499.000.000
Closing balance	112.001.521.341	94.584.293.214	6.131.235.385	212.717.049.940
Accumulated depreciation				
Opening balance	-	80.525.072.026	5.316.235.391	85.841.307.417
- Charge for the year	-	6.210.275.750	249.999.996	6.460.275.746
Closing balance	-	86.735.347.776	5.566.235.387	92.301.583.163
Net book value				
As at beginning of the year	112.001.521.341	14.000.221.188	374.999.994	126.376.742.523
As at the end of the year	112.001.521.341	7.848.945.438	564.999.998	120.415.466.777

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

11. Other assets

	Dec. 31, 2017	Jan. 01, 2017
1. Capital construction in progress	4.005.278.500	4.361.399.646
2. Receivables	1.330.729.384.575	1.905.376.975.814
3. Accrued interest and fees receivable	2.890.789.678.106	2.802.403.747.867
4. Other assets	483.451.505.065	232.657.151.279
5. Allowance for other assets	(97.404.725.741)	-
Total	4.611.571.120.505	4.944.799.274.606
11.1 Capital construction in progress	Dec. 31, 2017	Jan. 01, 2017
+ Nadara Credit Software	3.028.144.000	3.028.144.000
+ Internal credit rating system	977.134.500	977.134.500
+ Construction of Quy Nhon Branch	-	356.121.146
Total	4.005.278.500	4.361.399.646
11.2 Receivables	Dec. 31, 2017	Jan. 01, 2017
- Internal receivables	-	-
- External receivables	1.330.729.384.575	1.905.376.975.814
+ Receivables from trading of valuable papers, securities with National Securities Joint Stock Company ("NSJ")	661.261.098.231	990.708.010.050
+ Receivable from the sale of shares	-	204.600.000.000
+ Advance for business cooperation contract	450.000.000.000	450.000.000.000
+ Advances for court fees	-	7.739.177.757
+ Advances to staff	13.663.842.715	8.917.785.476
+ Deposit for the headquarters rental	-	10.641.416.660
+ Deposit at EXIMBANK	12.967.500.000	5.942.250.000
+ Deductible value added tax	993.599.956	4.033.299.045
+ Receivable from supporting interest	901.826.244	-
+ Taxes and other receivables from the State Budget	3.392.795.459	-
+ Receivable from OTRAN Energy Joint Stock Company	-	44.135.299.045
+ Receivable from Huy Hoang Mineral Joint Stock Company	2.200.000.000	2.200.000.000
+ Deposit for real estate purchasing contract	148.530.930.793	152.882.930.793
+ Deposit for receivables purchasing contract from Vietinbank, BIDV, VCB	11.000.000.000	-
+ Others	25.817.791.177	23.576.806.988
Total	1.330.729.384.575	1.905.376.975.814
11.3 Accrued interest and fees receivable	Dec. 31, 2017	Jan. 01, 2017
- Interest receivable from loans and advances to customers	1.978.497.260.268	1.683.723.004.709
- Interest receivable from investment securities	487.442.944.486	516.938.233.744
- Interest receivable from deposits	369.987.869.017	529.242.509.414
- Interest receivable from advance capital for business cooperation contract	52.750.000.000	72.500.000.000
- Interest receivable from derivative financial instruments	2.111.604.335	-
Total	2.890.789.678.106	2.802.403.747.867

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

	Dec. 31, 2017	Jan. 01, 2017
11.4 Other assets		
- Pending foreclosed assets	177.434.743.454	17.679.643.454
- Foreclosed assets of Vietnam National General Export - Import Joint Stock Company No.1	12.000.000.000	-
- Foreclosed assets of Lan Anh Co., Ltd	147.755.100.000	-
- Foreclosed assets of Le Van Tang	6.898.590.014	6.898.590.014
- Foreclosed assets of Le Hai Tung	7.500.000.000	7.500.000.000
- Foreclosed assets of Hai Toan Construction Services Trading Co., Ltd	3.281.053.440	3.281.053.440
- Foreclosed assets	252.281.034.411	164.388.780.425
- Received from Lan Anh Co., Ltd	-	147.755.100.000
- Received from Phu An Thanh Co., Ltd	210.474.274.589	-
- Received from Dong Phuong Hong JSC	25.141.258.357	-
- Received from individual customers	16.665.501.465	16.633.680.425
- Expenses awaiting allocation	34.859.131.071	30.809.034.905
- Receivables related to futures trading contract	14.280.000.000	14.280.000.000
- Materials, tools	-	804.605.368
- Deposit book, white bill, check	3.179.617.584	3.388.922.345
- Other receivables	1.416.978.545	1.306.164.782
Total	483.451.505.065	232.657.151.279
12. Deposits and borrowings from other credit institutions		
12.1. Deposits from other credit institutions	Dec. 31, 2017	Jan. 01, 2017
a. Demand deposits	7.740.680.042.721	4.314.005.257.542
- VND	7.740.680.042.721	4.314.005.257.542
b. Term deposits	5.914.308.348.035	8.305.000.000.000
- VND	5.465.808.348.035	8.305.000.000.000
- Foreign currencies	448.500.000.000	-
Total	13.654.988.390.756	12.619.005.257.542
12.2. Borrowings from other credit institutions	Dec. 31, 2017	Jan. 01, 2017
- VND	9.115.157.869.264	10.875.930.315.463
- Foreign currencies	134.364.545	332.343.367.892
Total	9.115.292.233.809	11.208.273.683.355
Total of deposits and borrowings from other credit institutions	22.770.280.624.565	23.827.278.940.897
13. Deposits from customers		
- Analysis by type	Dec. 31, 2017	Jan. 01, 2017
Demand deposits, gold	807.058.490.380	1.725.172.042.000
- VND	789.638.382.822	1.678.851.402.944
- Gold and foreign currencies	17.420.107.558	46.320.639.056
Term deposits, gold	33.233.393.643.125	30.171.847.396.400
- VND	32.629.585.178.929	29.243.303.856.521
- Gold and foreign currencies	603.808.464.196	928.543.539.879
Deposits for special purposes	5.525.713	5.468.481

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

13. Deposits from customers (cont.)

	Dec. 31, 2017	Jan. 01, 2017
Deposits	361.945.284.151	292.691.092.248
- VND	361.814.552.138	287.840.856.465
- Gold and foreign currencies	130.732.013	4.850.235.783
Total	34.402.402.943.369	32.189.715.999.129

- Analysis by type of customer and form of business

	Dec. 31, 2017	Jan. 01, 2017
Deposits from economic institutions	4.139.441.090.014	8.089.119.762.017
<i>State-Owned enterprise</i>	329.468.869.988	409.660.841.065
<i>Joint stock companies, limited liability companies and private companies</i>	3.707.240.552.815	7.543.380.324.516
<i>Foreign invested companies</i>	102.731.667.211	136.078.596.436
Individuals and others	30.262.961.853.355	24.100.596.237.112
Total	34.402.402.943.369	32.189.715.999.129

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

	Dec. 31, 2017	Jan. 01, 2017
Grants, trusted funds and loans in VND	24.852.998.000	43.473.180.000
Total	24.852.998.000	43.473.180.000

15. Valuable papers issued

	Dec. 31, 2017	Jan. 01, 2017
Certificates of deposit	2.163.574.657.610	675.349.403.443
- <i>Certificates of deposits with terms of less than 12 months in VND</i>	209.009.102.000	301.474.823.743
- <i>Certificate of deposits with term from 12 months to 5 years in VND</i>	1.954.565.555.610	373.874.579.700
Total	2.163.574.657.610	675.349.403.443

16. Other liabilities

	Dec. 31, 2017	Jan. 01, 2017
External payables (*)	91.589.618.338	47.352.933.750
Accrued interest and fees payable	855.113.198.660	653.149.679.227
Bonus and welfare fund	9.893.041.999	11.220.276.199
Total	956.595.858.997	711.722.889.176

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

16. Other liabilities (cont.)

	Dec. 31, 2017	Jan. 01, 2017
(*) External payables include:		
- Taxes and other payables to the State Budget	19.577.072.161	1.911.896.247
- Remittances payable	17.137.216.290	11.261.495.062
- Amounts awaiting for settlement	17.047.769.029	13.176.000.031
- Periodical interest for deposits	15.776.723.974	6.815.368.376
- Money awaiting payment to customers	4.000.000.000	4.000.000.000
- Money for purchasing Mr. Pham Van Dan's property	-	600.000.000
- Property assessment fee	64.768.845	520.078.000
- Deposit for rental	242.560.000	-
- Deposit for searching information on real estate in District I	11.000.000.000	-
- Unearned revenue	1.426.308	39.415.938
- Other payables	6.742.081.731	9.028.680.096
Total	91.589.618.338	47.352.933.750

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Unit: VND

For the fiscal year ended December 31, 2017

17. Capital and funds of credit institutions

17.1. Statement of changes in equity

Items	Paid-in capital	Share premium	Owners' other capital	Investment and development fund	Financial reserve	Reserve to supplement share capital	Undistributed earnings/Accumulated losses	Total
Balance at 1 January 2016	3,499,990,470,000	98,600,000	13,328,945	141,406	141,752,205,262	6,693,117,514	271,010,169,131	3,919,558,032,258
- Net profit for the year	-	-	-	-	-	-	99,430,023,841	99,430,023,841
- Appropriations to reserves and funds	-	-	-	-	9,943,002,384	4,971,501,192	(14,914,503,576)	-
- Other increases	-	-	-	-	-	-	805,302,413	805,302,413
- Other decreases	-	-	-	-	-	-	(2,141,586,778)	(2,141,586,778)
Balance at 31 December 2016	3,499,990,470,000	98,600,000	13,328,945	141,406	151,695,207,646	11,664,618,706	354,189,405,031	4,017,651,771,734
Balance at 1 January 2017	3,499,990,470,000	98,600,000	13,328,945	141,406	151,695,207,646	11,664,618,706	354,189,405,031	4,017,651,771,734
- Net profit for the year	-	-	-	-	-	-	98,801,772,152	98,801,772,152
- Appropriations to reserves and funds	-	-	-	-	9,880,177,215	4,940,088,608	(14,820,265,823)	-
- Other increases	-	-	141,406	-	-	-	-	141,406
- Other decreases	-	-	-	(141,406)	-	-	(284,615)	(426,021)
Balance at 31 December 2017	3,499,990,470,000	98,600,000	13,470,351	-	161,575,384,861	16,604,707,314	438,170,626,745	4,116,453,259,271

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

Funds of credit institutions (cont.)

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

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

17.2. Earnings per share

	Year 2017	Year 2016
- Profit or loss to calculate basic earnings per share	98.801.772.152	99.430.023.841
- Weighted average number of ordinary shares to calculate basic earnings per share	349.999.047	349.999.047
- Earnings per share	282	284

17.3. Details of share capital of credit institutions

	Dec. 31, 2017		Jan. 01, 2017		
	Amount	Ordinary share capital	Preferred share capital	Amount	Ordinary share capital
- Charter capital	3.499.990.470.000	3.499.990.470.000	-	3.499.990.470.000	-
- Share premium	98.600.000	98.600.000	-	98.600.000	-
- Other capital	13.470.351	13.470.351	-	13.328.945	-
Total	3.500.102.540.351	3.500.102.540.351	-	3.500.102.398.945	-

17.4. Dividends

	Year 2017	Year 2016
- Dividends disclosed after the balance sheet date:	Not yet declared	Undeclared

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

17.4. Shares

	Year 2017	Year 2016
- Number of shares registered to be issued	-	-
- Number of shares sold out to the public	349.999.047	349.999.047
+ Ordinary share	349.999.047	349.999.047
+ Preferred share	-	-
- Number of shares repurchased	-	-
+ Ordinary share	-	-
+ Preferred share	-	-
- Number of existing shares in issue	349.999.047	349.999.047
+ Ordinary share	349.999.047	349.999.047
+ Preferred share	-	-

* Par value: VND 10.000/share.

VI. Additional Information for Items Presented in the Consolidated Income Statement

18. Interest income and similar incomes

	Year 2017	Year 2016
Interest income from deposits	162.437.301.741	120.195.523.439
Interest income from loans granted to customers	3.224.618.853.581	2.242.441.392.999
Interest income from debt securities trading and investment	688.624.217.051	583.985.302.453
- Interest income from trading securities	419.535.225	4.223.705.500
- Interest income from investment securities	688.204.681.826	579.761.596.953
Income from guarantee activities	3.943.859.384	7.602.744.618
Other income from credit activities	50.696.913.221	186.906.677.457
Total	4.130.321.144.978	3.141.131.640.966

19. Interest expenses and similar expenses

	Year 2017	Year 2016
Deposits	2.468.254.022.770	1.923.564.798.496
Loan interests	367.506.973.719	369.077.889.653
Issuing valuable papers interests	145.559.901.739	2.553.519.942
Other credit activities' expenses	4.894.496.535	12.468.772.132
Total	2.986.215.394.763	2.307.664.980.223

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

20. Net gain/loss from services:

	Year 2017	Year 2016
Gains from services	12.180.813.803	14.783.287.121
Payment service	8.671.125.172	8.367.039.040
Treasury service	458.778.546	421.029.906
Other services	3.050.910.085	5.995.218.175
Expenses of services	19.181.086.473	19.056.191.230
Payment service	5.875.913.502	6.050.125.938
Treasury service	301.581.043	257.254.252
Other services	13.003.591.928	12.748.811.040
Net gain/loss from services	<u>(7.000.272.670)</u>	<u>(4.272.904.109)</u>

21. Net gain/loss from dealing in foreign currencies

	Year 2017	Year 2016
Gains from dealing in foreign currencies	33.157.633.162	25.603.047.640
Foreign currency for immediate delivery	21.941.067.945	19.125.333.472
Gold trading	1.372.384.024	6.477.714.168
Currency derivative financial instruments	9.844.181.193	-
Expenses of dealing in foreign currencies	76.015.548.458	94.558.669.199
Foreign currency for immediate delivery	45.461.332.851	31.600.604.046
Gold trading	24.665.144.942	62.958.065.153
Currency derivative financial instruments	5.889.070.665	-
Net gain/loss from dealing in foreign currencies	<u>(42.857.915.296)</u>	<u>(68.955.621.559)</u>

22. Net gain/(loss) from trading securities

	Year 2017	Year 2016
Income from dealing trading securities	4.317.080.954	119.945.034.515
Expenses of dealing trading securities	86.886.955.225	329.945.744
Provision for losses of trading securities expenses	1.035.665.188	799.164.000
Reversal of provision for losses of trading securities	1.082.705.188	1.129.745.188
Net gain/(loss) from trading securities	<u>(82.522.834.271)</u>	<u>119.945.669.959</u>

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

23. Net gain/(loss) from investment securities

	Year 2017	Year 2016
Income from dealing investment securities	140.618.916.877	11.249.174.845
Expenses of dealing investment securities	104.752.475.824	84.991.014.705
Provision for losses of investment securities expenses	-	13.624.900.000
Reversal of provision for losses of investment securities	-	-
Net gain/(loss) from investment securities	35.866.441.053	(87.366.739.860)

24. Net gain/(loss) from other activities

	Year 2017	Year 2016
Income from other activities	22.419.251.775	180.484.357.466
<i>Disposal and sale of fixed assets</i>	-	54.763.850.910
<i>Interest from debts sold to VAMC</i>	10.705.606.985	5.778.962.879
<i>Other income</i>	11.713.644.790	119.941.543.677
Expenses of other activities	95.674.211.987	29.252.115.658
<i>Net book value of fixed assets and disposal, sale of fixed assets</i>	-	26.954.298.859
<i>Fine amount</i>	300.000.000	1.992.199
<i>Other expenses</i>	95.374.211.987	2.295.824.600
Net gain/(loss) from other activities	(73.254.960.212)	151.232.241.808

25. Income from capital contribution and purchase of shares

	Year 2017	Year 2016
Dividends from capital contribution and purchase of shares	14.319.981.560	10.366.653.680
Long-term capital contribution, investments	14.319.981.560	10.366.653.680
Total	14.319.981.560	10.366.653.680

26. Operating expenses

	Year 2017	Year 2016
1. Tax, duties and fees	1.510.840.965	1.141.557.487
2. Expenses for employees	246.239.948.861	249.168.954.660
In which:		
<i>Salaries and allowances</i>	219.288.243.224	220.231.239.062
<i>Salary related contributions</i>	21.194.048.526	21.565.112.733
<i>Others</i>	5.757.657.111	7.372.602.865
3. Expenses on assets	117.372.297.413	96.762.577.801
In which:		
<i>Depreciation and amortisation expenses</i>	36.911.256.855	30.054.127.673
<i>Office rental</i>	60.174.737.900	43.306.281.160
<i>Asset maintenance expenses</i>	20.286.302.658	23.402.168.968

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

	Year 2017	Year 2016
26. Operating expenses (cont.)		
4. Administration expenses	153.315.662.519	108.118.174.410
In which:		
<i>Marketing, promotion and printing expenses</i>	7.945.715.339	3.858.845.517
<i>Non-deductible value added tax</i>	9.564.626.189	7.061.413.986
<i>Utilities expenses</i>	9.453.195.247	9.306.190.357
<i>Telecommunication expenses</i>	3.086.703.426	3.282.373.198
<i>Others</i>	123.265.422.318	84.609.351.352
5. Insurance expenses	40.264.702.000	30.065.961.008
Total	558.703.451.758	485.257.225.366

27. Allowance expenses for credit losses

	Year 2017	Year 2016
General allowance for credit losses on loans and advances to customers		
Addition	67.799.256.447	90.573.169.230
Reversal	(43.170.872.964)	(20.363.574.739)
Specific allowance for credit losses on loans and advances to customers		
Addition	107.719.031.053	196.096.417.432
Reversal	(71.380.582.275)	(23.737.694.034)
Allowance for special bonds of VAMC		
Addition	192.482.745.232	170.897.191.713
Reversal	(42.732.610.299)	(50.789.418.457)
Other allowances		
Addition	97.404.725.741	-
Reversal	-	-
Total	308.121.692.935	362.676.091.145

28. Corporate income tax

1. Profit before tax	121.831.045.686	106.482.644.151
2. Adjustments to taxable income:		
Less income under CIT:	14.739.516.785	14.590.359.180
<i>Income from joint-venture, shares acquisition</i>	14.739.516.785	14.590.359.180
Plus undeductible expenses in determining taxable income:	8.054.838.763	6.610.934.361

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

28. Corporate income tax (cont.)

	Year 2017	Year 2016
3. Taxable income	115.146.367.664	98.503.219.332
<i>In which: Taxable income from production and business activities</i>	114.037.095.846	68.478.038.561
<i>Taxable income from the transfer of real estate</i>	1.109.271.818	27.778.813.381
4. CIT calculated on taxable income	23.029.273.534	19.700.643.867
5. Adjustment of Corporate income tax of prior years to that of current year	-	(12.648.023.557)
6. Total current corporate income tax	<u>23.029.273.534</u>	<u>7.052.620.310</u>

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

29. Cash and cash equivalents	Dec. 31, 2017	Jan. 01, 2017
Cash and cash equivalents on hand	271.566.347.145	394.046.806.149
Deposits at State Bank of Vietnam	243.616.552.330	250.032.797.911
Cash, foreign currencies deposited at other credit institutions (Demand deposits and term deposits are not exceeding 3 months)	11.353.454.916.824	9.902.159.386.090
Securities have a maturity or a maturity date not exceeding 3 months from date of purchase	-	-
Total	<u>11.868.637.816.299</u>	<u>10,546.238.990.150</u>

VIII. Other information

30. Personnel Income	Year 2017	Year 2016
I. Total employees	1.501	1.678
II. Income		
1. Total salaries	218.401.422.521	197.880.200.795
2. Bonus	1.556.460.523	14.232.533.809
3. Other income	-	1.651.026.500
4. Total income (1+2+3)	219.957.883.044	213.763.761.104
5. Average annual salary/employee	145.503.946	117.926.222
6. Average annual income/employee	<u>146.540.895</u>	<u>127.391.991</u>

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

31. Clearance of obligations to the State Budget

Items	Opening balance	Movements during the year		Closing balance
		To be paid	Paid	
1a. Value added tax (VAB)	(4.033.299.045)	5.770.233.301	1.642.277.305	94.656.951
1b. Value added tax (AMC)	249.321.440	346.124.875	2.962.837.495	(2.367.391.180)
2a. Corporate income tax (VAB)	1.047.584.156	22.734.243.178	5.258.238.250	18.523.589.084
2b. Corporate income tax (AMC)	(98.509.117)	294.959.202	1.221.854.364	(1.025.404.279)
3. Personal income tax	712.509.766	8.662.595.835	8.417.383.208	957.722.393
4. Withholding tax	990.002	299.915.164	299.801.433	1.103.733
Total	(2.121.402.798)	38.108.071.555	19.802.392.055	16.184.276.702

32. Type and value of collaterals received from customers

	To 31 December 2017	To 1 January 2017
Assets, valuable papers for mortgage, pledge and discount, rediscount		
Assets, valuable papers for mortgage, pledge and discount, rediscount		
Real estates	21.001.989.391.896	26.631.602.812.146
Shares and valuable papers	8.925.613.573.525	19.205.300.293.447
Inventories	2.099.885.960.420	1.527.219.100.366
Machinery and equipment	632.064.253.665	776.076.017.857
Others	80.180.042.645.491	75.705.950.042.897
Total	112.839.595.824.997	123.846.148.266.713

33. Contingencies and commitments

Items	Dec. 31, 2017	Jan. 01, 2017
Payment guarantees	-	-
Commitments on foreign currency transactions	4.081.350.000.000	1.396.017.000.000
<i>Commitments on purchase of foreign currencies</i>	-	731.247.000.000
<i>Commitments on sale foreign currency</i>	-	664.770.000.000
<i>Cross currency swap contracts</i>	4.081.350.000.000	-
Letters of credit	21.036.457.455	102.043.867.730
<i>Commitment on payment in L/C transactions</i>	21.036.457.455	102.043.867.730
Other guarantees	218.895.113.140	454.761.755.695
<i>Payment</i>	13.275.000.000	222.637.928.167
<i>Contract performance</i>	93.073.240.997	92.803.809.471
<i>Bidding</i>	6.719.033.000	3.908.005.000
<i>Others</i>	105.827.839.143	135.412.013.057
Total	4.321.281.570.595	1.952.822.623.425

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

34. Related party transactions

Key transactions and balances with related parties:

Related parties	Relationship	Transactions	Movement	Closing Balance as at Dec. 31, 2017 Receivables/ (Payables)
Hoa Binh Investment and Development Joint Stock Company	Shareholders	Interest on deposits	70.236	
		Balance of deposits		6.136.452
		Interest income from loans	13.028.161.036	
CuChi Commercial And Industrial Developing Investment Joint Stock Company	Shareholders	Interest on deposits	15.353.233.259	
		Balance of deposits		269.413.939.948
Members of the Board of Management	Related parties	Interest on deposits	31.109.463	
		Balance of deposits		919.626.757
		Remuneration	5.294.515.000	
Members of the Board of Supervisors	Related parties	Interest on deposits	130.626.297	
		Balance of deposits		1.662.116.210
		Remuneration	1.064.975.155	
Members of the Board of General Directors	Related parties	Interest on deposits	40.284	
		Balance of deposits		10.361.099
		Salary and bonus	5.106.790.818	

35. Subsequent events

The Board of General Director said that, there are no significant events since the year end that need to be adjusted or noted in the financial statements.

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

	Total outstanding of loans	Total deposits	Credit commitments	Derivative instruments (total value by contract)	Securities trading and investing
Local	35.226.235.570.361	11.592.964.303.273	4.321.281.570.595	1.561.550.000	13.056.439.839.271
Overseas	-	4.107.165.881	-	-	-

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2017**Unit: VND***37. Segment reporting**

A reportable segment includes business segment or a geographical segment.

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

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

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

The reportable segment is presented from Page 45 to Page 47.

38. Financial risk management

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

38.1 Credit risks

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

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

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

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

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

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

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

(b) Debt securities

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2017**Unit: VND***38.1.2 Policies to control and minimize credit risks**

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

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

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

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

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

38.2 Market risk

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

VIETNAM - ASIA COMMERCIAL JOINT STOCK BANK

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

37. Segment reporting

Primary segment reporting

- The reports segment information by geographical segment

	For the fiscal year ended December 31, 2017	The Northern	The Central	The Southern	Adjustments	Total
I. Income						
1. Interest income	8,281,194,707.613	1,280,283,452,006	2,243,052,084,923	(7,446,112,716,245)	4,358,417,528,297	
<i>External interest income</i>	8,083,426,381,523	1,275,695,270,138	2,217,512,209,562	(7,446,112,716,245)	4,130,321,144,978	
<i>Internal interest income</i>	3,383,320,585,741	190,301,091,958	556,609,467,279	-	4,130,321,144,978	
2. Income from services	4,700,105,795,782	1,085,394,178,180	6,946,192,390	(7,446,112,716,245)	-	
3. Income from other activities	2,789,156,916	2,445,464,497	6,946,192,390	-	12,180,813,803	
II. Expenses	194,979,169,174	2,142,717,371	18,793,682,971	-	215,915,569,516	
1. Interest expenses	8,128,488,300,094	1,184,084,807,116	2,062,004,398,711	(7,446,112,716,245)	3,928,464,789,676	
<i>External interest income</i>	7,463,848,051,882	1,101,961,691,107	1,866,518,368,019	(7,446,112,716,245)	2,986,215,394,763	
<i>Internal interest income</i>	1,217,313,942,174	525,335,850,707	1,243,710,773,447	-	2,986,360,566,328	
2. Expenses for depreciation of fixed assets	6,246,534,109,708	576,625,840,400	622,807,594,572	(7,446,112,716,245)	(145,171,565)	
3. Expenses relating to business activities	31,894,980,025	3,091,626,685	1,924,650,145	-	36,911,256,855	
Operating profit before allowance and provision expenses for credit losses	632,745,268,187	79,031,489,324	193,561,380,547	-	905,338,138,058	
Allowance and provision expenses for credit losses	152,706,407,519	96,198,644,890	181,047,686,212	-	429,952,738,621	
Segment results	285,831,213,777	8,010,918,585	14,279,560,573	-	308,121,692,935	
III. Assets	(133,124,806,258)	88,187,726,305	166,768,125,639	-	121,831,045,686	
1. Cash on hand	52,914,579,964,418	4,720,804,534,620	6,798,775,842,774	-	64,434,160,341,812	
2. Fixed assets	56,576,318,375	62,688,778,930	152,301,249,840	-	271,566,347,145	
3. Other assets	123,637,950,932	34,433,637,520	58,824,263,045	-	216,895,851,497	
IV. Liabilities	52,734,365,695,111	4,623,682,118,170	6,587,650,329,889	-	63,945,698,143,170	
1. External liabilities	31,927,325,408,915	8,211,697,711,046	20,178,683,962,580	-	60,317,707,082,541	
2. Internal liabilities	31,859,679,585,882	8,205,210,118,408	20,151,334,717,914	-	60,216,224,422,204	
3. Other liabilities	-	-	-	-	-	
	67,645,823,033	6,487,592,638	27,349,244,666	-	101,482,660,337	

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Unit: VND

For the fiscal year ended December 31, 2017

37. Segment reporting (cont.)

Primary segment reporting (cont.)

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: VND

37. Segment reporting (cont.)

Secondary segment reporting

- The reports segment information by business segment

	For the fiscal year ended December 31, 2017					Total
	Commercial banking activities	Investment activities	Debt Management And Asset Exploitation Activities	Unallocated activities		
Segment results	444,690,238,569	225,836,062,255	1,395,601,777	(550,090,856,915)		121,831,045,686
Assets	39,514,825,042,640	23,490,545,619,962	697,723,186,707	731,066,492,503		64,434,160,341,812
Liabilities	38,816,368,361,997	21,485,402,433,380	15,936,287,164	-		60,317,707,082,541

	For the fiscal year ended December 31, 2016					Total
	Commercial banking activities	Investment activities	Debt Management And Asset Exploitation Activities	Unallocated activities		
Segment results	173,348,935,345	408,030,808,148	2,157,986,865	(477,055,086,207)		106,482,644,151
Assets	38,632,878,158,909	21,247,571,589,704	708,512,650,613	876,229,785,153		61,465,192,184,379
Liabilities	38,278,300,032,341	19,163,356,631,528	5,883,748,776	-		57,447,540,412,645

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Unit: Million VND

For the fiscal year ended December 31, 2017

38.2 Market risks (cont.)

38.2.1 Interest rate risks

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

Summary of interest rate risks of the Bank as at December 31, 2017 is as follows:

Items	Overdue	Not subject to interest rate	Up to 1 month	From 1-3 months	From 3 - 12 months	From 1-5 years	Over 5 years	Total
I. Cash, gold, silver and gemstones	-	271.566	-	-	-	-	-	271.566
II. Deposits at the State Bank of Vietnam	-	-	243.617	-	-	-	-	243.617
III. Deposits, gold at other credit institutions and loans granted to other credit institutions (*)	-	-	11.456.005	897.450	-	-	-	12.353.455
IV. Trading securities (*)	-	-	-	-	-	-	-	-
V. Derivative financial instruments and other financial assets (*)	-	1.562	-	-	-	-	-	1.562
VI. Loans granted to customers (*)	1.060.656	-	9.805.351	14.180.597	9.174.632	5.000	-	34.226.236
VII. Debt purchasing (*)	-	-	-	-	-	1.901	-	1.901
VIII. Investment securities (*)	-	3.143.012	-	50.372	1.334.460	8.528.596	-	13.056.440
IX. Capital contribution, long-term investments (*)	-	313.374	-	-	-	-	-	313.374
X. Fixed assets and investment properties	-	216.896	-	-	-	-	-	216.896
XI. Others assets (*)	-	4.611.571	-	-	-	-	-	4.611.571
Total Assets	1.060.656	8.557.981	21.504.973	15.128.419	10.509.092	8.535.497	-	65.296.618
Liabilities								
I. Deposits from SBV and other credit institutions	-	-	16.083.599	6.680.514	-	6.168	-	22.770.281
II. Deposits from customers	-	-	10.008.505	6.009.916	14.932.094	3.450.948	940	34.402.403
III. Derivative financial instruments and other financial liabilities	-	-	-	-	-	-	-	-
IV. Capital financed, entrusted for investment, lent to credit institutions which subject to risks	-	-	-	-	-	-	24.853	24.853
V. Issuance of valuable documents	-	-	210.323	355.816	876.674	720.562	-	2.163.575
VI. Other liabilities	-	956.596	-	-	-	-	-	956.596
Total liabilities	-	956.596	26.302.627	13.046.246	15.808.768	4.177.678	25.793	60.317.709
The different sensitivity level with the interest rate in the balance sheet	1.060.656	7.601.385	(4.797.654)	2.082.173	(5.299.676)	4.357.819	(25.793)	4.978.910
Off balance sheet commitments affecting the sensitivity level with the interest rate of assets and liabilities (net)	-	-	-	-	-	-	-	-
The different sensitivity level with the interest rate in and off the balance sheet	1.060.656	8.662.041	3.864.387	5.946.560	646.884	5.004.703	4.978.910	-

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Unit: Million VND

For the fiscal year ended December 31, 2017

38.2.1 Interest rate risks (cont.)

Summary of interest rate risks of the Bank as at January 1, 2017 is as follows:

Items	Overdue	Not subject to interest rate	Up to 1 month	From 1-3 months	From 3 - 12 months	From 1-5 years	Over 5 years	Total
I. Cash, gold, silver and gemstones	-	394,047	-	-	-	-	-	394,047
II. Deposits at the State Bank of Vietnam	-	-	250,033	-	-	-	-	250,033
III. Deposits, gold at other credit institutions and loans granted to other credit institutions (*)	-	-	7,302,159	2,600,000	288,067	-	-	10,190,226
IV. Trading securities (*)	-	1,370,885	-	-	-	-	-	1,370,885
VI. Loans granted to customers (*)	686,495	-	4,707,800	13,268,453	11,741,257	11,684	-	30,415,689
VII. Debt purchasing (*)	-	-	-	-	-	2,951	-	2,951
VIII. Investment securities (*)	-	2,991,547	-	955,406	707,584	9,588,004	-	14,242,541
IX. Capital contribution, long-term investments (*)	-	247,434	-	-	-	-	-	247,434
X. Fixed assets and investment properties	-	244,343	-	-	-	-	-	244,343
XI. Others assets (*)	-	4,944,799	-	-	-	-	-	4,944,799
Total Assets	686,495	10,193,055	12,259,992	16,823,859	12,736,908	9,602,639	-	62,302,948
Liabilities								
I. Deposits from SBV and other credit institutions	-	-	12,777,899	9,763,530	1,280,011	5,839	-	23,827,279
II. Deposits from customers	-	-	10,866,435	5,908,828	13,578,300	1,835,580	572	32,189,715
IV. Capital financed, entrusted for investment, lent to credit institutions which subject to risks	-	-	-	-	-	-	43,473	43,473
V. Issuance of valuable documents	-	-	-	-	301,475	373,875	-	675,350
VI. Other liabilities	-	711,723	-	-	-	-	-	711,723
Total liabilities	-	711,723	23,644,334	15,672,358	15,159,786	2,215,294	44,045	57,447,540
The different sensitivity level with the interest rate in the balance sheet	686,495	9,481,332	(11,384,342)	1,151,501	(2,422,878)	7,387,345	(44,045)	4,855,408
Off balance sheet commitments affecting the sensitivity level with the interest rate of assets and liabilities (net)	-	-	-	-	-	-	-	-
The different sensitivity level with the interest rate in and off the balance sheet	686,495	10,167,827	(1,216,515)	(65,014)	(2,487,892)	4,899,453	4,855,408	-

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: Million VND

38.2 Market risks (cont.)

38.2.1 Currency risks

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

Presentation of assets and liabilities of the Bank by currencies converted into VND as at December 31, 2017:

Items	VND	Converted USD	Converted EUR	Converted monetary gold	Converted other currencies	Total
Assets						
Cash, gold, silver and gemstones	200.292	36.298	1.250	32.981	746	271.566
Deposits at the State Bank of Vietnam	212.622	30.994	-	-	-	243.617
Cash, gold, deposits at other credit institutions and loans granted to other credit institutions (*)	11.587.978	755.698	2.813	-	6.967	12.353.455
Trading securities (*)	-	-	-	-	-	-
Derivative financial instruments and other financial assets (*)	-	134.550	-	-	(132.988)	1.562
Loans granted to customers (*)	34.112.706	103.579	-	9.951	-	34.226.236
Debt purchasing (*)	1.901	-	-	-	-	1.901
Investment securities (*)	13.056.440	-	-	-	-	13.056.440
Capital contribution, long-term investments (*)	313.374	-	-	-	-	313.374
Fixed assets and investment properties	216.896	-	-	-	-	216.896
Others assets (*)	4.609.400	2.295	-	0	(124)	4.611.571
Total Assets	64.311.608	1.063.414	4.063	42.931	(125.400)	65.296.616
Liabilities and owners' equity						
Deposits and borrowings from the State Bank and other credit institutions	22.321.646	448.634	-	-	-	22.770.281
Deposits from customers	33.781.043	621.258	99	-	3	34.402.403
Derivative financial instruments and other financial liabilities	132.988	-	-	-	(132.988)	-
Capital financed, entrusted for investment, lent to credit institutions which subject to risks	24.853	-	-	-	-	24.853
Issuance of valuable documents	2.163.575	-	-	-	-	2.163.575
Other liabilities	954.837	1.882	0	-	(124)	956.596
Equity and funds	4.116.453	-	-	-	-	4.116.453
Total liabilities and owners' equity	63.495.396	1.071.774	99	-	(133.109)	64.434.160
Position of currencies in balance sheet	816.213	(8.360)	3.964	42.931	7.709	862.456
Position of currencies off balance sheet	-	-	-	-	-	-
Position of currencies in, off balance sheet	816.213	(8.360)	3.964	42.931	7.709	862.456

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NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

38.2.2 Currency risks (cont.)

Presentation of assets and liabilities of the Bank by currencies converted into VND as at January 1, 2017:

Items	VND	Converted USD	Converted EUR	Converted monetary gold	Converted other currencies	Total
Assets						
Cash, gold, silver and gemstones	250,064	46,226	574	95,379	1,804	394,047
Deposits at the State Bank of Vietnam	174,408	75,624	-	-	-	250,032
Cash, gold, deposits at other credit institutions and loans granted to other credit institutions (*)	9,814,431	363,704	3,647	-	8,444	10,190,226
Trading securities (*)	1,370,885	-	-	-	-	1,370,885
Loans granted to customers (*)	30,230,030	160,458	-	25,202	-	30,415,690
Debt purchasing (*)	2,951	-	-	-	-	2,951
Investment securities (*)	14,242,541	-	-	-	-	14,242,541
Capital contribution, long-term investments (*)	247,434	-	-	-	-	247,434
Fixed assets and investment properties	244,343	-	-	-	-	244,343
Others assets (*)	4,894,849	49,950	-	-	-	4,944,799
Total Assets	61,471,936	695,962	4,221	120,581	10,248	62,302,948
Liabilities and owners' equity						
Deposits and borrowings from the State Bank and other credit institutions	23,494,936	332,343	-	-	-	23,827,279
Deposits from customers	31,210,001	979,633	79	-	3	32,189,716
Capital financed, entrusted for investment, lent to credit institutions which subject to risks	43,473	-	-	-	-	43,473
Issuance of valuable documents	675,349	-	-	-	-	675,349
Other liabilities	705,569	6,154	-	-	-	711,723
Equity and funds	4,017,652	-	-	-	-	4,017,652
Total liabilities and owners' equity	60,146,980	1,318,130	79	-	3	61,465,192
Position of currencies in balance sheet	1,324,956	(622,168)	4,142	120,581	10,245	837,756
Position of currencies off balance sheet	-	-	-	-	-	-
Position of currencies in, off balance sheet	1,324,956	(622,168)	4,142	120,581	10,245	837,756

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2017

Unit: Million VND

38.2 Market risks (cont.)

38.2.3 Liquidity risks

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

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

Summary of assets and liabilities of the Bank by term from the period end December 31, 2017 to the matured date:

Items	Overdue		On time					Total
	Over 3 months	For 3 months	For 1 month	From 1-3 months	From 3-12 months	From 1-5 years	Over 5 years	
Cash, gold, silver and gemstones	-	-	271.566	-	-	-	-	271.566
Deposits at the State Bank of Vietnam	-	-	243.617	-	-	-	-	243.617
Cash, gold, deposits at other credit institutions and loans granted to other credit institutions (*)	-	-	11.456.005	897.450	-	-	-	12.353.455
Trading securities (*)	-	-	-	-	-	-	-	-
Derivative financial instruments and other financial assets (*)	-	-	1.562	-	-	-	-	1.562
Loans granted to customers (*)	915.724	144.932	2.701.048	1.634.205	8.837.915	7.840.360	12.152.052	34.226.236
Debt purchasing (*)	-	-	-	-	-	1.901	-	1.901
Investment securities (*)	-	-	8.818.428	1.095.000	-	3.068.937	-	13.056.440
Capital contribution, long-term investments (*)	-	-	-	-	-	-	313.374	313.374
Fixed assets and investment properties	-	-	-	-	-	-	216.896	216.896
Others assets (*)	-	-	4.611.571	-	-	-	-	4,611,571
Total Assets	915.724	144.932	28.103.797	3.626.655	8.837.915	10.911.198	12.756.397	65.296,619
Liabilities								
Deposits and borrowings from the State Bank and other credit institutions	-	-	16.083.599	6.680.513	-	6.169	-	22.770.281
Deposits from customers	-	-	10.008.505	6.009.916	14.932.094	3.450.948	940	34,402,403
Derivative financial instruments and other financial liabilities	-	-	-	-	-	-	-	-
Capital financed, entrusted for investment, lent to credit institutions which subject to risks	-	-	-	-	-	-	24.853	24,853
Issuance of valuable documents	-	-	210.523	355.816	876.674	720.562	-	2,163,575
Other liabilities	-	-	956.596	-	-	-	-	956,596
Total liabilities	-	-	27.259.224	13.046.245	15.808.768	4.177.679	25.793	60,317,709
Difference of net liquidity	915.724	144.932	844.573	(9,419,590)	(6,970,853)	6,733,519	12,730,604	4,978,910

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal year ended December 31, 2017

Unit: Million VND

38.2.3 Liquidity risks (cont.)

Summary of assets and liabilities of the Bank by term from the period end January 1, 2017 to the matured date:

Items	Overdue		On time				Total
	Over 3 months	For 3 months	For 1 month	From 1-3 months	From 3-12 months	From 1-5 years	
Cash, gold, silver and gemstones	-	-	394.047	-	-	-	394.047
Deposits at the State Bank of Vietnam	-	-	250.033	-	-	-	250.033
Cash, gold, deposits at other credit institutions and loans granted to other credit institutions (*)	-	-	7.302.159	2.600.000	288.067	-	10.190.226
Trading securities (*)	-	-	1.370.885	-	-	-	1.370.885
Loans granted to customers (*)	35.469	651.026	155.536	1.539.110	3.752.902	7.154.242	30.415.689
Debt purchasing (*)	-	-	-	-	-	2.951	2.951
Investment securities (*)	-	-	-	955.406	707.584	12.492.726	14.242.541
Capital contribution, long-term investments (*)	-	-	-	-	-	247.434	247.434
Fixed assets and investment properties	-	-	-	-	-	-	244.343
Others assets (*)	-	-	4.944.799	-	-	-	4.944.799
Total Assets	35.469	651.026	14.417.459	5,094.516	4,748.553	19,649.919	62,302.948
Liabilities							
Deposits and borrowings from the State Bank and other credit institutions	-	-	12.777.899	9.763.530	1.280.011	5.839	23.827.279
Deposits from customers	-	-	10.866.435	5,908.828	13,578.300	1,835.580	32,189.715
Capital financed, entrusted for investment, lent to credit institutions which subject to risks	-	-	-	-	-	-	43.473
Issuance of valuable documents	-	-	-	-	301.473	373.875	675.350
Other liabilities	-	-	711.723	-	-	-	711.723
Total liabilities	-	-	24,356.057	15,672,358	15,159,786	2,215,294	57,447,540
Difference of net liquidity	35,469	651,026	(9,938,598)	(10,577,842)	(10,411,233)	17,434,625	4,855,408

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

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

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the fiscal year ended December 31, 2017**Unit: VND***38. Financial risk management (cont.)****38.3 The fair value of financial assets and liabilities**

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

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

*Hanoi City, April 18, 2018***PREPARED BY****NGUYEN HUU CUONG****CHIEF ACCOUNTANT****LA QUANG TRUNG****GENERAL DIRECTOR****NGUYEN VAN HAO**