NGÂN HÀNG QUÂN ĐỘI

CỘNG HOÀ XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập - Tự do - Hạnh phúc
THE SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom - Happiness

Số/*No*: 7936/MB-HS
V/v: công bố thông tin báo cáo tài chính riêng lẻ và hợp nhất quý II năm 2019
Re: disclosure of information of Separated & Consolidated Financial Statements for second quarter of 2019

Hà Nội, ngày 19 tháng 7 năm 2019
Ha Noi, 19 July 2019

Kính gửi/*To*:

- Ngân hàng Nhà nước Việt Nam
The State Bank of Vietnam
- Ủy ban Chứng khoán Nhà nước
The State Securities Commission;
- Sở giao dịch chứng khoán Thành phố Hồ Chí Minh
Hochiminh Stock Exchange;
- Sở giao dịch chứng khoán Thành phố Hà Nội;
Hanoi Stock Exchange;

Công ty/*Company*:	Ngân hàng TMCP Quân đội / *Military Commercial Joint Stock Bank*
Mã chứng khoán/ *Securities symbol*	MBB
Địa chỉ trụ sở chính/ *Head office address*	Số 21 Cát Linh, Đống Đa, Hà Nội *No 21 Cat Linh, Dong Da District, Ha Noi*
Điện thoại/*Telephone*:	024.6266.1088
Fax:	024.6266.1080
Người thực hiện công bố thông tin/ *Submitted by*:	Ông/Mr. Lưu Trung Thái
Chức vụ/*Position*:	Phó Chủ tịch HĐQT kiêm Tổng Giám đốc / *BOD Vice Chairman & Chief Excecutive officer*
Loại thông tin công bố/ *Type of Information disclosure*	☑ định kỳ/*periodic* ☐ bất thường/*irregular* ☐ 24 giờ/ *hours* ☐ theo yêu cầu/*on demand*

Nội dung thông tin công bố: Báo cáo tài chính riêng lẻ và hợp nhất quý II năm 2019

Content of Information disclosure: Separated & Consolidated Financial Statements for 2st Quarter of 2019

Thông tin trên đã được công bố trên trang thông tin điện tử MB www.mbbank.com.vn - Mục Nhà đầu tư – Phần Thông báo.

The above information was disclosed on MB website at www.mbbank.com.vn – Investors Relation - Announcement

M.S.D.N: 01002... NGÂN ... THƯƠN... CỔ P... QUÂN... Q. ĐỐNG ĐA

Hội sở chính: Tòa nhà Ngân hàng Quân đội
21 Cát Linh, Đống Đa, Hà Nội, Việt Nam, ĐT: (84-4) 6266 1088, Fax (84-4) 6266 1080
SWIFT Code: MSCBVNVX
Email: info@mbbank.com.vn * Website: www.mbbank.com.vn

NGÂN HÀNG QUÂN ĐỘI

Ngân hàng TMCP Quân đội xin cam kết các thông tin công bố trên đây là đúng sự thật và hoàn toàn chịu trách nhiệm trước pháp luật về nội dung các thông tin đã công bố.

MB declares that all information provided above is true and accurate and we shall take full responsibility before the law for the disclosed information.

Trân trọng cảm ơn!

Best Regards!

Nơi nhận/ Recipients:

- Như trên/*As above*;
- HĐQT, BKS (b/c) / *BOD, SB (for reporting purpose)*;
- Lưu: VT, VP HĐQT/ *Archive at Admin Office, BOD Office*

TỔNG GIÁM ĐỐC

CHIEF EXECUTIVE OFFICER

M.S.D.N: 0100283873 - C.T.C.P
NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN QUÂN ĐỘI
Q. ĐỐNG ĐA - T.P. HÀ NỘI

Lưu Trung Thái

Chief Excecutive Officer

Military Commercial Joint Stock Bank B02a/TCTD-HN
Address: No. 21 Cat Linh Street – Dong Da District – Hanoi

CONSOLIDATED BALANCE SHEET
Quarter II/2019 - 30 June 2019

	Note	***30/06/2019***	***31/12/2018 audited***
		VND million	*VND million*
ASSETS			
Cash, gold and gemstones	**III.1**	**2.321.206**	**1.736.571**
Balances with the State Banks ("SBs")	**III.2**	**3.426.842**	**10.548.084**
Cash and gold deposits at and loans to other credit institutions ("CIs")	**III.3**	**52.651.532**	**45.061.628**
Securities held for trading	**III.4**	**1.182.392**	**577.672**
Securities held for trading		1.259.960	684.035
Allowance for securities held for trading		(77.568)	(106.363)
Financial derivatives and other financial assets	**III.16**	**-**	**-**
Loans to customers		**235.995.611**	**211.474.953**
Loans to customers	III.5	238.924.642	214.685.958
Allowance for loans losses to customers	III.6	(2.929.031)	(3.211.005)
Investment securities	**III.7**	**84.880.740**	**73.731.314**
Available-for-sale investment securities	III.7.1	81.799.338	70.467.404
Held-to-maturity investment securities	III.7.2	3.388.110	3.522.144
Allowance for diminution of investment securities		(306.708)	(258.234)
Capital contribution & long-term investment	**III.8**	**882.652**	**728.043**
Investment in associates	III.8.1	-	-
Other long-term investments	III.8.2	1.033.063	931.653
Allowances for diminution in the value of capital contribution & long-term investments		(150.411)	(203.610)
Fixed asset		**2.690.239**	**2.699.314**
Tangible fixed assets	*III.9*	1.581.449	*1.586.152*
Cost of tangible fixed assets		3.388.464	3.268.459
Accumulated depreciation of tangible fixed assets		(1.807.015)	(1.682.307)
Intangible fixed assets	*III.10*	1.108.790	*1.113.162*
Cost of intangible fixed assets		1.870.312	1.823.153
Accumulated amortization of intangible fixed assets		(761.522)	(709.991)
Investment property	**III.11**	**30.813**	**30.813**
Cost of investment properties		30.813	30.813
Depreciation of investment properties		-	-
Other assets		**18.202.345**	**15.736.670**
Accrued interest and fee receivables		3.718.124	3.429.433
Deferred Corporate Income Tax assets		13.353	15.777
Receivables	III.12	12.338.323	10.325.119
Other Assets	III.13	2.421.599	2.267.608
Of which, Goodwill		*57.136*	*66.658*
Allowance for other on balance sheet assets		(289.054)	(301.267)
TOTAL ASSETS		**402.264.372**	**362.325.062**

Military Commercial Joint Stock Bank B02a/TCTD-HN
Address: No. 21 Cat Linh Street – Dong Da District – Hanoi

CONSOLIDATED BALANCE SHEET (cont.)
Quarter II/2019 – 30 June 2019

	Note	*30/06/2019*	*31/12/2018 audited*
		VND million	*VND million*
LIABILITIES			
Amounts due to the Government and State Banks		**2.600.409**	**2.632.894**
Deposits and borrowings from other CIs	**III.14**	**68.844.122**	**60.470.881**
Customer deposits	**III.15**	**259.008.944**	**239.964.318**
Derivative financial instruments and other financial liabilities	**III.16**	**61.781**	**5.634**
Loan granted from other borrowed and entrusted funds	**III.17**	**302.881**	**319.963**
Valuable papers issued	**III.18**	**18.879.373**	**11.157.638**
Other liabilities		**17.040.664**	**13.600.876**
Accrued interest and fee payables		4.108.735	2.821.056
Deferred income tax payables		19.209	16.656
Other liabilities	III.19	12.912.720	10.763.164
TOTAL LIABILITIES		**366.738.174**	**328.152.204**
SHAREHOLDERS' EQUITY			
Equity and reserves			
Capital	**III.20**	**20.595.636**	**21.632.348**
Charter capital		21.604.514	21.604.514
Treasury Share		(1.036.712)	-
Other equity		27.834	27.834
Reserves		***5.048.304***	***3.887.135***
Retained earnings		***8.078.631***	***7.123.671***
NON-CONTROLLING INTEREST		**1.803.627**	**1.529.704**
TOTAL SHAREHOLDERS' EQUITY		**35.526.198**	**34.172.858**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**402.264.372**	**362.325.062**

Military Commercial Joint Stock Bank B02a/TCTD-HN
Address: No. 21 Cat Linh Street – Dong Da District – Hanoi

CONSOLIDATED BALANCE SHEET (cont.)
Quarter II/2019 - 30 June 2019

CONSOLIDATED OFF-BALANCE SHEET ITEMS

		30/06/2019	***31/12/2018 audited***
		VND million	*VND million*
Contingent liabilities	V.1		
Loan guarantee		88.944	89.264
Foreign exchange commitments		152.445.521	124.675.198
-Foreign currency purchase commitments		7.387.881	9.019.360
-Foreign currency sale commitments		9.720.255	11.102.468
-Swap commitments		67.668.215	52.271.736
-Future commitments		67.669.170	52.281.634
LC commitments		13.681.536	24.623.727
Other guarantee		66.930.113	71.203.920
Other commitments		22.982.571	20.325.895
		256.128.685	**240.918.004**

Prepared by: Reviewed by: Approved by:

(signed) *(signed)* *(signed and sealed)*

Ms. Le Thi Huyen Trang
Deputy Head of General Accounting and Reporting Department

Ms. Dang Thuy Dung
Chief Accountant

Mr. Luu Trung Thai
Chief Executive Officer

Hanoi, Vietnam
19 July 2019

B03a/TCTD-HN

CONSOLIDATED STATEMENT OF INCOME

Quarter II/2019 - 30 June 2019

	Notes	Accruals on Quarter II		Accumulative from the beginning of the year to the end of Quarter	
		Current year	Previous year	Current year	Previous year
		VND million	VND million	VND million	VND million
Interest and similar income	IV.1	7.716.318	6.174.345	14.895.803	11.791.317
Interest and similar expenses	IV.2	(3.321.462)	(2.670.497)	(6.366.089)	(4.994.134)
Net interest income		**4.394.856**	**3.503.848**	**8.529.714**	**6.797.183**
Fee and commission income		1.668.423	1.148.049	2.900.341	2.046.911
Fee and commission expenses		(613.879)	(485.504)	(1.087.150)	(1.069.027)
Net fee and commission income	**IV.3**	**1.054.544**	**662.545**	**1.813.191**	**977.884**
Net gain/(loss) from trading of foreign currencies	**IV.4**	**163.888**	**99.069**	**284.256**	**174.681**
Net gain/(loss) from trading securities, investment securities and long-term capital contributions/investments	**IV.5**	**80.850**	**35.262**	**261.891**	**311.141**
Net other income	**IV.6**	**420.632**	**459.168**	**679.311**	**723.326**
Income from capital contribution and share purchase	**IV.7**	**42.880**	**30.843**	**43.608**	**40.067**
TOTAL OPERATING INCOME		**6.157.650**	**4.790.735**	**11.611.971**	**9.024.282**
TOTAL OPERATING EXPENSES	**IV.8**	**(2.306.748)**	**(1.926.942)**	**(4.372.433)**	**(3.549.788)**
Net operating profit before allowance and provision expenses		**3.850.902**	**2.863.793**	**7.239.538**	**5.474.494**
Allowance and provision expense	**IV.10**	**(1.399.674)**	**(952.806)**	**(2.364.169)**	**(1.645.030)**
TOTAL PROFIT BEFORE TAX		**2.451.228**	**1.910.987**	**4.875.369**	**3.829.464**
Current corporate income tax expense	IV.12	(470.354)	(422.046)	(939.443)	(803.379)
Deferred corporate income tax expense/(income)	IV.12	17.487	2.491	(4.977)	14.223
Current period corporate income tax expense		**(452.867)**	**(419.555)**	**(944.420)**	**(789.156)**
NET PROFIT AFTER TAX		**1.998.361**	**1.491.432**	**3.930.949**	**3.040.308**

Prepared by	Review by	Approved by
(signed)	*(signed)*	*(signed and sealed)*
Ms. Le Thi Huyen Trang Deputy Head of General Accounting and Reporting Department	Ms. Dang Thuy Dung Chief Accountant	Mr. Luu Trung Thai Chief Executive Officer

Hanoi, Vietnam
19 Apr 2019

STATEMENT OF CASH FLOWS (direct method)

Quarter II/2019 - 30 June 2019

	Notes	*Period from 01/01/2019 to 30/06/2019* VND million	*Period from 01/01/2018 to 30/06/2018* VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar incomes received		14.645.857	11.794.668
Interest and similar expenses paid		(5.024.829)	(4.901.260)
Net fee and commission income received		1.813.191	977.885
Net receipts/(payments) from trading activities (foreign currencies, securities)		453.820	472.014
Other incomes/(expenses)		63.719	150.900
Proceeds from loans previously settled/written off		615.592	572.426
Payment to employees and for other administrative activities		(4.459.752)	(3.521.762)
Corporate income tax paid during the period	IV.10	(804.828)	(624.190)
Net cash flows from operating activities before changes in operating assets and liabilities		**7.302.770**	**4.920.681**
Changes in operating assets		***(39.407.278)***	***(25.697.969)***
(Increase)/decrease in balances with and loans to other CIs		1.431.109	(277.289)
(Increase)/decrease in trading securities, investment securities		(11.773.826)	(2.611.130)
Increase/(decrease) in derivatives and other financial instruments		-	-
(Increase)/decrease in loans and advances to customers		(24.238.684)	(20.640.973)
Decrease in allowance for impairment (credit, securities and investments)		(2.659.684)	(988.037)
(Increase)/decrease in other assets		(2.166.119)	(1.302.132)
Changes in operating liabilities		***37.191.217***	***17.222.164***
Increase/(decrease) in amounts due to the Government and State Banks		-	1.134.001
Increase/(decrease) in deposits and borrowings from other credit institutions		8.373.241	6.441
Increase/(decrease) in deposits from customers		19.012.142	14.620.048
Increase/(decrease) in bonds and valuable papers issued		7.721.735	65.753
Increase/(decrease) in other borrowed and entrusted funds		(17.082)	(21.378)
Increase/(decrease) in financial derivatives and other financial assets		56.146	144
Increase/(decrease) in other liabilities		2.089.723	1.536.416
Utilization of reserves		(44.688)	(119.261)
Net cash flows from operating activities		**5.086.709**	**(3.555.124)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for purchases of fixed assets		(305.840)	(112.561)
Receipts/(Payments) from disposals of fixed assets		860	28.333
Income/(expense) from investment properties		-	-
Proceeds/(payments) from long-term investment, capital contribution		-	(1.483)
Cash dividend received during the period		43.608	40.067
Net cash flows from investment activities		**(261.372)**	**(45.644)**

STATEMENT OF CASH FLOWS (continued)

Quarter II/2019 - 30 June 2019

	Notes	***Period from 01/01/2019 to 30/06/2019*** *VND million*	***Period from 01/01/2018 to 30/06/2018*** *VND million*
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in share capital		-	-
Dividends paid to shareholders		(1.304.219)	(1.092.592)
Treasury shares purchase		(1.036.712)	-
Net cash flows from financing activities		**(2.340.931)**	**(1.092.592)**
Net cash flows during the period		**2.484.406**	**(4.693.360)**
Opening balance of cash and cash equivalents		**47.648.084**	**46.554.069**
Closing balance of cash and cash equivalents		**50.132.490**	**41.860.709**

Prepared by

(signed)

Ms. Le Thi Huyen Trang
Deputy Head of General Accounting and Reporting Department

Reviewed by:

(signed)

Ms. Dang Thuy Dung
Chief Accountant

Approved by

(signed and sealed)

Mr. Luu Trung Thai
Chief Executive Officer

Hanoi, Vietnam
19 April 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

QUARTER II/2019

I- OPERATION FEATURES OF CREDIT INSTITUTION

1. License for establishment and operation, and valid duration

The Military Commercial Joint Stock Bank is a joint-stock commercial bank established in the Socialist Republic of Vietnam for the main activities to provide banking and relevant financial services pursuant to Operating License No. 100/NH-GP dated 17 October 2018 issued by the Governor of the State Bank of Vietnam (”SBV”), replaced Operating License No. 0054/NH-GP dated 14 September 1994 with an operation duration of 99 years, starting from 14 September 1994.

2. Form of ownership: Shares

3. Composition of Board of Directors

Full name	*Position/Date of appointment/reappointment*
Mr. Le Huu Duc	Chairman
Mr. Luu Trung Thai	Vice Chairman
Ms. Vu Thi Hai Phuong	Vice Chairman (Appointed on 27 April 2019)
Mr. Do Minh Phuong	Vice Chairman (Appointed on 27 April 2019)
Mr. Le Viet Hai	Member (Appointed on 27 April 2019)
Mr. Kieu Dang Hung	Member (Appointed on 27 April 2019)
Ms. Vu Thai Huyen	Member (Appointed on 27 April 2019)
Ms. Nguyen Thi Thuy	Member
Ms. Nguyen Thi Ngoc	Member
Mr. Ngo Minh Thuan	Member (Appointed on 27 April 2019)
Mr. Tran Trung Tin	Independent member of BOD (Appointed on 27 April 2019)

4. Composition of Supervisory Board

Full name	*Position/Date of appointment/reappointment*
Ms. Le Thi Loi	Head of Supervisory Board (Appointed on 27 April 2019)
Ms. Do Thi Tuyet Mai	Member (Appointed on 27 April 2019)
Ms. Pham Thu Ngoc	Member (Appointed on 27 April 2019)
Mr. Do Van Hung	Member

5. Composition of Board of Management

Full name	*Date of appointment*
Mr. Luu Trung Thai	Chief Executive Officer
Ms. Nguyen Thi An Binh	Deputy Executive Officer
Ms. Pham Thi Trung Ha	Deputy Executive Officer
Mr. Uong Dong Hung	Deputy Executive Officer
Mr. Le Hai	Deputy Executive Officer
Ms. Le Thi Loi	Deputy Executive Officer – Chief Financial Officer (until 9 April 2019) Deputy Executive Officer (10 April - 26 April 2019)
Mr. Tran Minh Dat	Deputy Executive Officer
Mr. Ha Trong Khiem	Deputy Executive Officer
Mr. Le Quoc Minh	Deputy Executive Officer
Ms. Nguyen Minh Chau	Senior Executive Member of BOM
Mr. Le Xuan Vu	Executive Member of BOM
Ms. Tran Thi Bao Que	Executive Member of BOM (from 14 February 2019)

Ms. Nguyen Thi Thanh Nga	Acting Chief Financial Officer (from 10 April 2019)

6. Head Office: No. 21 Cat Linh Street, Dong Da District, Hanoi, Vietnam

Branches: 1 Head Office, 101 branches (including 2 foreign branches) and 197 transaction offices, 1 Representative office in Russia Federation.

As at 30 June 2019, the Bank has seven (6) subsidiaries as follows:

No.	*Company name*	*Operating license No.*	*Field of business*	*% directly owned by Bank*
1	Military Commercial Joint Stock Assets Management Company Limited ("MB AMC")	0105281799 dated 11 July 2014, issued by Hanoi Department of Planning and Investment	Debt and Asset Management	100.00%
2	MB Securities Joint Stock Company ("MBS")	116/GP-UBCK dated 9 December 2013, issued by the State Securities Commission of Vietnam.	Securities brokerage, investment and trading	79.52%
3	MB Capital Management Joint Stock Company ("MB Capital")	06/GP-UBCK dated 12 February 2015, issued by the State Securities Commission of Vietnam	Investment Fund Management	90.77%
4	MB Shinsei Finance Company Limited ("MCredit")	27/GP-NHNN dated 4 February 2016, issued by the State Bank of Vietnam.	Consumer finance	50.00%
5	MB Ageas Life Insurance Company Limited	74/GP/KDBH dated 21 July 2016, issued by the Ministry of Finance for the 1st time	Life insurance, health insurance, and financial investment	61.00%
6	Military Insurance Joint Stock Corporation ("MIC")	43/GPDC18/KDBH dated 21 January 2016, issued by the Ministry of Finance.	Non-life insurance	68.37%

7. Total number of employees

As at 30 June 2019, the Bank and its subsidiaries have **15,813** employees (including subsidiaries).

II- ACCOUNTING STANDARDS AND SYSTEM

1. Compliance with Vietnam Accounting Standards and Accounting System of credit institutions in Vietnam

The Board of Management confirms the attached consolidated financial statements have been prepared in compliance with the Vietnam Accounting Standards and Accounting Systems for credit institutions in Vietnam.

2. Basis of preparation of the consolidated financial statements

Consolidated financial statements of the Bank are presented in Vietnamese Dong ("dong" or "VND"), prepared in accordance with the Accounting System for Credit Institutions in Vietnam under Decision No. 479/2004/QD-NHNN dated 29 April 2004 (Decision 479) and Circular No. 10/2014/TT-NHNN dated 20 March 2014 (Circular 10) by the Governor of the State Bank of Vietnam, effective from 1 October 2004, Decision No. 16/2007/QD-NHNN dated 18 April 2007 (Decision 16) by the Governor of the State Bank of Vietnam and Circular No. 49/2014/TT-NHNN amending and supplementing to the Decision 16 dated 31 December 2014, Vietnamese Accounting Standards issued by the Ministry of Finance, including:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the issuance and publication of Four Vietnamese Accounting Standards (phase 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the issuance and publication of Six Vietnamese Accounting Standards (phase 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the issuance and publication of Six Vietnamese Accounting Standards (phase 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the issuance and publication of Six Vietnamese Accounting Standards (phase 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the issuance and publication of Four Vietnamese Accounting Standards (phase 5).

The consolidated balance sheet, consolidated statement of income, consolidated retained earnings statement, consolidated statement of cash flows, and the notes to the consolidated financial statements are attached herewith and the use of these statements is not intended for those who are not informed about the accounting procedures and principles and practices in Vietnam. In addition, these statements are not prepared to present the financial position, results of operations, and cash flow of the Bank, in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

3. Consolidation of financial statements

The consolidated financial statements include financial statements of the Bank and its subsidiaries at the end of each quarter and on 31 December each year. Financial statements of the subsidiaries follow the same reporting year and accounting policies that are consistent with those of the Bank.

Intra-group balances and transactions, including unrealized profits arising from intra-group transactions are fully eliminated.

Financial statements of the subsidiaries are consolidated into the financial statements of the Bank in accordance with the full consolidation method from the date the Bank took control. The control is defined as the Bank's authority, direct or indirect, to govern the financial and operational policy of an entity in order to obtain benefits from activities of the entity. Business performance of the acquired and disposed subsidiaries during the year is accounted for in the consolidated statement of income appropriately from the date of acquiring or to the date of disposal.

Non-controlling interests are defined as part of the net business performance and net asset value of a subsidiary corresponding with the interests not held by the holding company, directly or indirectly, in the said subsidiary. The interests of minority shareholders are presented in the consolidated balance sheet, separated from the liabilities and Shareholders' equity of the Bank. The shares of non-controlling shareholders in the income of the Bank's system are also presented as separate items

4. *Basis for assessment and application of accounting estimates*

The presentation of the consolidated financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, as well as disclosures of contingent liabilities. These estimates and assumptions also affect income, expenses and the provision figures. These estimates are based on assumptions on a number of factors with varying degrees of subjectivity and uncertainty. Therefore, actual results may vary, resulting in the adjustment of related items later.

Going concern

The Bank's Board of Management has evaluated the Bank's ability to continue as a going concern and found that the Banks has adequate resources to maintain its business in a foreseeable future. In addition, the Board of Management did not find any material uncertainty that may affect the Bank's ability to continue as a going concern. Therefore, these consolidated financial statements are prepared on the assumption of going concern.

5. *Changes in accounting policies*

The accounting policies adopted by MB in the preparation of interim consolidated financial statements are consistent with those followed in the preparation of MB's consolidated financial statements for the year ended 31 December 2017 and interim consolidated financial statements for the six-month period ended 30 June 2017, except for the following changes:

Circular No. 14/2017/TT-NHNN regulates the methods of calculating interest on depositing and credit extension transaction between credit institutions and customers.
On 29 September 2017, the SBV issued Circular No. 14/2017/TT-NHNN regulating methods of calculation of interest in depositing and credit granting transactions between credit institutions and customers. Accordingly, the interest accruals on credit and deposit operation are calculated on the basis that a year lasts in 365 days. The circular has taken effect since 1 January 2018.

Circular No. 19/2017/TT-NHNN amending and supplementing a number of articles of Circular 36/2014/TT-NHNN of the Governor of the SBV dated 20 November 2014 stipulating prudential ratios and limits for the operations of credit institutions and foreign bank branches.
On 28 December 2017, the SBV issued Circular No. 19/2017/TT-NHNN amending and supplementing a number of articles of Circular No. 36/2014/TT-NHNN dated 20 November 2014 of the Governor of the State Bank of Vietnam providing for prudential ratios and limits for operations of credit institutions and branches of foreign banks. Accordingly, "Other commitments" disclosed in "Off balance sheet items" include unused credit limits that banks have the right to revoke or automatically revoke due to the customers' violation on revocable commitments or reduction of capacity to perform the duty and available credit limits of credit cards. The circular has taken effect since 28 February 2018.

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

On 29 December 2017, the SBV issued Circular No. 22/2017/TT-NHNN amending and supplementing a number of articles of the Chart of Account applicable to credit institutions issued in connection with Decision No. 479/2004/QD-NHNN dated 29 April 2004 and the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QD-NHNN dated 18 April 2007 by the Governor of the SBV ("Circular 22"). The circular has taken effect since 1 April 2018 on a retroactive basis.

The main changes in Circular 22 are as below:

- Amending and supplementing the guidance on the accounting treatment for foreign exchange and gold transactions;
- Amending a number of accounts in the Chart of account applicable to credit institutions;

- Amending the guidance on the accounting treatment for some accounts in the Chart of account applicable to credit institutions; and
- Amending and supplementing the guidance on the Financial reporting regime applicable to credit institutions.

MB has assessed the effect of Circular 22 on the comparative figures in the interim consolidated income statement, the interim consolidated cash flow statement and the interim consolidated balance sheet. Accordingly, the effect due to the changes in exchange rate policies is immaterial. As a result, MB is not required to restate the comparative figures due to changes in exchange rate policies.

6. *Loans and advances to customers*

Loans and advances to customers are disclosed and presented at the amount of principal outstanding at the end of the fiscal year.

Under current securities law, MBS may lend to customers to buy securities in accordance with provision of margin trading agreement or advances to customers against securities sold. MBS complies with State Securities Commission's Decision No. 637/QD-UBCK dated 30 August 2011 on the issuance of securities margin trading guidelines. MBS manage customer credit risk through company's policies, procedures and control process relating to customer credit risk management.

7. *Allowance for credit risk*

Allowance for credit risks in Vietnam market

Pursuant to Law on Credit Institutions No. 47/2010/QH12, effective from 1 January 2011, Decision No. 1627/2001/QD-NHNN dated 31 December 2001 issued by the Governor of the State Bank of Vietnam regarding issuance of the regulations on lending by credit institutions to customers, Decision No. 127/2005/QD-NHNN dated 3 February 2005 on the amendment, supplement of a number of articles of the regulation on lending by credit institutions to customers, issued in conjunction with the Decision No. 1627/2001/QD-NHNN, Circular No. 02/2013/TT-NHNN dated 21 January 2013 and Circular No. 09/2014/TT-NHNN issued by the State Bank of Vietnam regarding loan classification, provisioning and utilization of allowance against credit risk in banking activities of credit institutions, credit institutions are required to perform loan classification and provisioning of credit risk. Accordingly, loans to customers are classified according to the level of risk as follows: Current loans, Special mentioned loans, Sub-standard loans, Doubtful loans and Loss loans based on the overdue status and other qualitative characteristics of the loans.

Since 2008, the Bank has registered and been approved by the State Bank of Vietnam under the Official Letter No. 8738/NHNN-CNH dated 25 September 2008, accordingly, the Bank is permitted to apply internal credit ratings to classify customer loans under Article 10, Article 11 of Circular No. 02/2013/TT-NHNN. Under this system, the Bank loans will be assessed and classified based on both qualitative and quantitative basis.

Accordingly, these loans are classified according to the level of risk as follows:

No.	*Rating*	*Group*	*Description*
1	AAA	Group 1	Current
2	AA	Group 1	Current
3	A	Group 1	Current
4	BBB	Group 2	Special mentioned
5	BB	Group 2	Special mentioned
6	B	Group 3	Sub-standard
7	CCC	Group 3	Sub-standard
8	CC	Group 4	Doubtful
9	C	Group 4	Doubtful
10	D	Group 5	Loss

On 23 April 2012, the State Bank of Vietnam issued Decision No. 780/QD-NHNN on the classification of rescheduled loans. However, the Bank is required to reclassify off-balance-sheet debts and commitments in accordance with Article 10 and Clause 1, Article 11, Circular 02 in three years from 1 June 2014. Accordingly, if the reclassification results in accordance with Article 10 and Clause 1, Article 11, Circular 02 are different, the debt in dispute shall be reclassified to a group of higher risk.

Specific allowance

Credit risk of loans and advances to customers are calculated as the remaining value of the loan minus the value of the collateral discounted at the rate stipulated in Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN. Specific allowance is made based on credit risk of loans at respective rate of each loan group as follows:

Group	*Type*	*Specific provision rate*
1	Current	0%
2	Special mentioned	5%
3	Sub-standard	20%
4	Doubtful	50%
5	Loss	100%

General allowance

In accordance with Circular No. 02/2013/TT-NHNN, general allowance is made for losses that have not been identified during loan classification and specific provisioning processes, and in case the credit institution faces deterioration in credit quality. Accordingly, the Bank is required to set and maintain a general allowance at 0.75% of total loans that are classified from Group 1 to Group 4.

Allowance is recognized as an expense in the consolidated statement of income and is utilized to write-off non-performing loans. In accordance with Circular No. 02/2013/TT-NHNN, the Bank established Risk Management Committee to decide to write off non-performing loans when they have been classified to Group 5, or when the borrowers have declared bankrupt or dissolved (for borrowers being organization, enterprise), or borrowers have been dead or missing (for borrowers being individuals).

In accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the State Bank of Vietnam, general and specific allowances of the Bank for the fiscal year ended 31 December are made based on the outstanding balance as at 30 November of that year.

Receivables are subject to review for risk provision based on overdue periods of receivables or estimated losses arising from undue debts of which indebted economic organizations go bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. For overdue receivables, the provision rates are specified in Circular No. 228/2009/TT-BTC dated 7 December 2009 (“Circular 228”) and Circular No. 89/2013/TT-BTC dated 28 June 2013 (“Circular 89”) issued by the Ministry of Finance on 7 December 2009 as follows:

Overdue period	*Provision rate*
From more six (06) months up to less than one (01) year	30%
From one (01) year up to less than two (02) years	50%
From two (02) years up to less than three (03) years	70%
Three (03) years or more	100%

8. *Securities held for trading*

Securities held for trading are debt securities, equity securities, and other securities that the Bank purchases and intends to sell in the short term in order to gain profit from the difference.

Securities held for trading are recognized at the cost at the date of transaction, and always reflected at cost in subsequent holding periods.

These securities are considered for diminution at the time of preparing the consolidated financial statement. Allowance for diminution in value of securities held for trading is made when the book value is higher than the market value determined in compliance with Circular 228 and Circular 89. In case the market value of securities cannot be determined, no allowance is required. Allowance for diminution is recognized in the consolidated statement of income under the "Net gain/ (loss) from trading and investment securities".

The Bank makes allowance for diminution in the value of securities held for trading in accordance with guidelines under Circular 228 and Circular 89.

9. Investment securities

a. Classification

Investment securities are classified into two categories: Held-to-maturity and available-for-sale securities. The Bank classifies investment securities at the time of its purchase. Pursuant to Official Letter *No. 2601/NHNN-TCKT issued by the SBV dated 14 April 2009, for investment securities,* the Bank is permitted to reclassify investment securities no more than once after its purchase. Investment securities are initially recognized at the cost at the date of transaction.

Held-to-maturity investment securities

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

Available-for-sale investment securities

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

b. Recognition

The Bank recognizes investment securities on the date that the Bank becomes counterparty to the terms of the contract(s) with respect to these securities (trade date accounting).

c. Measurement

Equity securities

Available-for-sale equity securities are initially recorded at cost on transaction date; and are subsequently recognized at the lower of the book value and the market value and the diminution losses recognized in the consolidated statement of income.

The market value of listed available-for-sale equity securities is calculated at the closing prices on Ho Chi Minh City Stock Exchange and average price on Hanoi Stock Exchange at the balance sheet date.

The market value of unlisted available-for-sale equity securities but registered for trading on unlisted public companies (UpCom) market is determined as the average transaction price on the system at the end of accounting period.

The market value of unlisted available-for-sale equity securities but allowed to trade in the over-the-counter (OTC) market is recognized at cost of acquisition less allowance for diminution in value of securities, which is calculated at the average price of three quotations of three large securities companies, with a charter capital of over VND 300 billion.

Available-for-sale equity securities which are unlisted and unauthorized for OTC trading are subject to allowance for diminution similarly to other long-term investments described in the Note 4(e) (ii).

In cases where market value of the securities cannot be determined, these securities shall be recognized at cost.

Debt securities

Applicable from 01 June 2014

Debt securities are initially recognized at cost including transaction costs and other directly attributable costs. They are subsequently recognized at amortized cost (affected by premium/ discount amortization) less allowance for diminution in value. Premiums and discounts arising from purchases of debt securities are amortized in the consolidated statement of income on a straight-line basis over the period from the acquisition date to the maturity date.

Listed held-to-maturity debt securities and available-for-sale investment securities are recognized at cost less allowance for diminution in the value of securities which is determined by reference to profitability ratio listed on Hanoi Stock Exchange at the balance sheet date.

Unlisted held-to-maturity debt securities and available-for-sale investment securities of the enterprise are recognized at cost less allowance for diminution in the value securities. Debt classification and allowance for these bonds are made in accordance with the policies applicable to loans to customers as described in Note 4(h).

The remaining unlisted debt securities (excluding unlisted held-to-maturity debt securities and available for-sale investment securities of the enterprise) are measured at cost less allowance for diminution in the value of securities which is determined by reference to the market value. In cases where market value of securities cannot be determined reliably, these securities are recognized at cost.

Post-acquisition interest income of available-for-sale debt securities and held-to maturity investment securities is recognized in the consolidated statement of income on an accrual basis.

Applicable before 01 June 2014

Debt securities are initially recognized at cost including transaction costs and other directly attributable costs. They are subsequently recognized at amortized cost (affected by premium/ discount amortization) less allowance for diminution in value. Premiums and discounts arising from purchases of debt securities are amortized to the consolidated statement of income on a straight-line basis over the period from acquisition date to maturity date.

Available-for-sale debt securities and held-to-maturity investment securities are recognized at cost less allowance for diminution in the value of securities which is determined by reference to the market value. In cases where market value of securities cannot be determined reliably, these securities are recognized at cost.

Post-acquisition interest income of available-for-sale debt securities and held-to maturity investment securities is recognized in the consolidated statement of income on an accrual basis.

d. De-recognition

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

10. Repurchase and reverse repurchase agreements

The securities sold under agreements to repurchase at a specific date in the future are still recognized in the consolidated financial statements. Amounts received under this agreement are recognized as a liability in the consolidated balance sheet, and the difference between the sale price and repurchase price is amortized in the consolidated statement of income over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

The securities purchased under agreements to resell at a specific date in the future are not recognized in the consolidated financial statements. Amounts received under these agreements are recognized as an asset in the consolidated balance sheet, and the difference between the sale price and repurchase price is amortized in the consolidated statement of income over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

11. *Investment in Associates*

In accordance with the Law on Credit Institutions 2010, effective from 1 January 2011, an associate of a credit institution is a company in which the said credit institution, or that credit institution and its related person, own more than 11% of the charter capital or more than 11% shares with voting rights, and which is not a subsidiary of that credit institution.

Investments in Associates are recognized by the method of equity accounting. Associate is a company which the Bank has significant influence over and is neither a subsidiary nor a joint venture of the Bank.

Under this method, the investment is initially recognized at cost and the book value of the investment may increase or decrease, reflecting the share of the Bank in the net assets of the associate. Losses exceeding the cost of an investment in an associate are recognized when the Bank liable for the losses. The consolidated statement of income reflects the Bank's shares in the business performance of the Associates. When changes are directly attributable to equity of the associate, the Bank will recognize the share of these changes on the consolidated balance sheet. Any gains / (losses) arising from transactions between the Bank and the associate are eliminated in proportion to the capital contribution of the Bank to the Associates.

The financial statements of the Associates used for the purpose of consolidation under the method of equity accounting have the same accounting period and the same accounting policies which are consistent with the policies of the Bank for similar transactions or events of similar nature.

12. *Other long-term investments*

Other long-term investments represent the Bank's capital investments in other entities where the Bank owns less than 11% of voting rights and at the same time, the Bank is a founding shareholder or a strategic partner; or has a certain degree of influence over the making and deciding of financial and operational policies of the invested enterprise, but has no significant impact on financial and operational policies of these companies, under written agreements to appoint personnel to the Board of Directors/Board of Management.

Other long-term investments are initially recognized at cost, and subsequently recognized at cost less allowance for diminution in the value of investments, if any.

Other long-term capital contributions shall be considered for possibilities of diminution. Allowance for diminution in value is recognized in consolidated statement of income if market value is lower than book value of investment securities and if there is objective evidence of a long-term diminution in value of the initial capital contributions.

Allowance for diminution in value of initial capital contribution is made when the economic institution in which the Bank and its subsidiaries suffering losses (except for the expected loss as determined in the original business plan) as stipulated in Circular 228 and Circular 89. Accordingly, the provision is the difference between actual capital contributions of the parties to the economic institution and actual Shareholders' equity multiplied (x) by the ratio of capital contribution of the enterprise to the total actual capital contribution of the parties in the economic institution.

13. *Fixed asset*

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of all costs incurred by the Bank and its subsidiaries in acquiring the tangible fixed assets up to the time the asset was put into use.

Expenses for procurement, upgrading and renovation of the tangible fixed assets are recognized as an increase to their cost; expenses for maintenance and repair are accounted for in the consolidated statement of income when incurred.

Upon sales or liquidation of the tangible fixed asset, the cost and accumulated depreciation are written off and the gains / (losses) incurred from liquidation of the asset shall be accounted for in the consolidated statement of income.

Intangible fixed assets

Intangible fixed assets are recognized at cost less accumulated amortization.

The cost of an intangible fixed asset comprises of all costs incurred by the Bank and its subsidiaries in acquiring the tangible fixed assets up to the time the asset was put into use.

The cost of upgrading and renovation of the intangible fixed assets are recognized as an increase to their cost; and other costs are accounted for in the consolidated statement of income when incurred.

Upon sales or liquidation of the intangible fixed asset, the cost and accumulated amortization are written off and the gains / losses incurred from liquidation of the asset shall be accounted for in the consolidated statement of income.

Depreciation and amortization

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

Building and structures	6-25 years
Machines and equipment	3-4 years
Means of transportation	6 years
Other tangible fixed assets	4 years
Computer software	3 years

(*) The land use rights with indefinite term granted by the State are not amortized, whereas definite Land use rights are amortized over the lease term.

14. Investment property

Investment properties are the real estates invested by the Bank and its subsidiaries for the purpose of leasing or making a profit from asset appreciation. Investment properties are initially recognized at their acquisition cost, including transaction costs and subsequently recognized at cost less accumulated depreciation. Depreciation expenses are recognized in other operating expenses.

The land use rights with indefinite term granted by the State are not amortized, whereas definite Land use rights are amortized over the lease term.

15. Recognition of revenues and expenses

a. Recognition of revenues from banking operations

Interest income on loans

Interest incomes on loans are recognized in the consolidated statement of income on accrual basis. Accrued interest on loans from Group 2 to Group 5 in accordance with Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN shall not be recognized in the consolidated statement of income. Instead, these accruals are tracked in off-balance-sheet accounts and only recognized in the consolidated statement of income when they are received by the Bank.

b. Recognition of income from other activities

Revenue from securities brokerage activities

When the contract outcome can be determined reliably, revenues shall be recognized based on the level of completion of the work. In cases where the contract outcome cannot be determined, the income will be recognized at the recoverable level of costs recognized.

Revenue from trading securities

Revenue from trading securities is determined based on the difference between the selling price and the weighted average cost of the securities.

Repurchase and resale of securities

Revenue is recognized in the statement of income on a straight-line basis over the terms of the repurchase and resale agreement.

Investment portfolio management fee

Revenue is recognized on an accrual basis in accordance with the terms and conditions of the investment management agreement.

Rent

Revenue from rental assets under operating lease agreements is recognized in the consolidated statement of income on a straight-line basis over the term of the lease.

Revenue from other services

When the contract outcome can be determined reliably, revenue are recognized based on the level of completion of the work. In case the contract outcomes cannot be determined reliably, revenue shall be recognized only at the recoverable level of costs recognized.

Dividend

Cash dividends from investment activities are recognized as revenue when the right to receive dividends of the Bank and its subsidiaries is established. Dividends in shares and bonus shares received are not recognized as revenue of the Bank and its subsidiaries; but only the number of shares is updated.

16. Transactions in foreign currencies

All transactions of the Bank are accounted for in the original currency. At the end of the period, assets and liabilities denominated in foreign currencies are converted into VND at the exchange rate as at the date of the consolidated balance sheet (see details of exchange rates applicable at the balance sheet date in Note 46). Incomes and expenses denominated in foreign currencies of the Bank are converted into VND at the exchange rate at the date of the transaction. Foreign exchange differences due to revaluation of assets and liabilities in foreign currencies into VND during period are recognized in the interim separate income statement.

17. Corporate income tax

Current corporate income tax

Tax assets and tax liabilities for the current year and previous years are measured at the amount payable to (or recovered from) the tax authorities based on enacted tax rates and tax laws at the date of consolidated balance sheet.

Current income taxes are recognized in the consolidated statement of income except when it relates to items recognized directly to Shareholders’ equity, in which case the current income tax is also recognized directly to Shareholders’ equity.

Enterprises can only offset current income tax assets and current income tax payables when enterprises have a legal right to offset current income tax assets with current income tax payables on a net basis and intend to do so.

The Bank’s reports on tax return are subject to inspection by the tax authorities. Tax amounts presented in the consolidated financial statements are subject to change upon the final decision by the tax authorities.

Deferred income tax

Deferred tax payable is recognized for all temporary taxable differences, except:

- Deferred income tax liabilities arising from initial recognition of an asset or liability in a transaction which did not affect accounting profit or taxable profit (or loss) at the time of the transaction.
- Temporary taxable differences associated with investments in subsidiaries, associates and joint ventures which can be controlled in terms of the reversal time and certainty that such temporary gain will not be reversed in the foreseeable future.
- Deferred income tax assets which are recognized for all deductible temporary differences, deductible amounts of the tax losses transferred to the next years and unused tax incentives when it is certain that future taxable profits will arise to use deductible differences, taxable losses and unused tax incentives, except:
- Deferred income tax assets arising from initial recognition of an asset or liability in a transaction which did not affect accounting profit or taxable profit (or loss) at the time of the transaction.
- All deductible temporary differences arising from investments in subsidiaries, associates and joint ventures when it is certain that the temporary difference will be reversed in the foreseeable future and with taxable profits to use such temporary differences.

The book value of deferred tax assets must be reviewed again at the end of the fiscal year and depreciated to the extent to ensure enough taxable profit to use part or all deferred tax assets. Deferred corporate income tax assets previously not recognized will be reviewed at the end of the fiscal year and recognized when it is certain that taxable profit is sufficient to use such unrealized deferred income tax assets.

Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to be applied for the fiscal year when the asset is realized or the liability is paid, based on applicable tax rates and tax laws at the end of the fiscal year.

Deferred income taxes are recognized in the consolidated Statement of income except when income tax incurred in relation to items recognized directly to equity, in which case the deferred income tax is also recognized directly to equity.

The Bank can only apply clearing payment between deferred income tax assets and deferred income tax liabilities when it has legal right to offset between deferred income tax assets and deferred income tax liabilities and such deferred income taxes are managed by the same tax authority and the Bank intend to pay current income tax liabilities and current tax assets on a net basis.

18. Cash and cash equivalents

Cash and cash equivalents consist of cash, gold and gemstones, balances with the State Bank of Vietnam, government bills and other short-term valuable papers eligible for SBV discount, transaction accounts and deposits at, loans to other credit institutions with maturity of less than three months from the date of granting.

19. Assets entrusted for management and safe-keeping

Assets entrusted for management and safe-keeping are not considered assets of the Bank and therefore not included in its consolidated financial statements.

20. Currency derivative contracts

Currency forward and swap contracts

For currency forward and swap contracts, the difference between the value of VND amount of foreign currencies committed to buy / sell at forward rate and spot rate on the effective date of the contract is recognized immediately at the effective date of the contract as an asset to “Financial derivatives and other financial assets” if positive or as a liability to “Financial derivatives and other financial liabilities” if negative. This difference is then amortized to "Profit / (loss) from foreign exchange operations" over the term of the contract. Foreign exchange differences due to revaluation of commitments under currency forward and swap contracts during the year are recognized and tracked in “Exchange rate differences” accounts and transferred to the consolidated statement of income at the end of the fiscal year in accordance with Decision 479 and Circular 10 on the chart of accounts applicable for credit institutions.

21. Clearing

Financial assets and liabilities are netted off and the net amounts are recognized on the consolidated balance sheet only when the Bank has the legal right to offset and the Bank intends to pay the debts and assets on a net basis, or the final accounting of assets and liabilities occur simultaneously.

22. Receivables

Receivables other than those from credit activities of credit institutions are initially recognized at cost and shall always be presented at cost subsequently.

Other receivables are subject to review for risk provision based on overdue period of receivables or estimated losses that may arise from undue debts of which indebted economic institutions go bankrupt or undergo dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies or dead. Provision expenses incurred is recognized under “Provision expenses for other Assets during the year".

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

Overdue period	*Provision rate*
From over six (06) months up to less than one (01) year	30%
From one (01) year up to less than two (02) years	50%
From two (02) years up to less than three (03) years	70%
Three (03) years or more	100%

23. Use of estimates

The presentation of the consolidated financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, as well as disclosures of contingent liabilities. These estimates and assumptions also affect the income, expenses and the relevant figures.

24. Employees benefits

a. Retirement allowance

Retired bank employees will receive retirement benefits from Social Insurance under the management of the Ministry of Labor, Invalids and Social Affairs. The Bank shall pay social insurance for every employee at 17.00% of their monthly basic salaries. Besides, the Bank shall disclaim any other obligations.

Bank employees laid-off due to downsizing will be compensated one-month basic salary for every working year (twelve months) and half of monthly basic salary for every month of premature retirement (up to 30 months), which shall be accounted into job loss allowance funds of the Bank. In addition, the laid-off employees shall be entitled to an allowance equal to 3-month pay (taken from salary reserve).

b. Voluntary severance allowance and job loss allowance

Voluntary severance allowance: According to Article 48 of Vietnam Labor Code 10/2012/QH13 effective from 1 May 2013, the Bank is obligated to pay severance allowance equal to a half of monthly salary plus other allowances (if any) for every working year until 31 December 2008 to the employees voluntarily resigning. From 1 January 2009, the average monthly salary used to calculate severance allowance shall be recalculated and adjusted at the end of every reporting period based on the average of the most recent six months before reporting.

Job loss allowance: In accordance with Article 17 of the Labor Code, the Bank is obligated to pay the allowance to any employees losing their jobs due to organization or technology restructuring.

In such case, the Bank is obligated to pay the employee a job loss allowance equivalent to one month salary for every working year; the minimum appropriation level shall be two month pay. Increase or decrease in provision balance shall be accounted into overhead expenses in the reporting period.

c. *Unemployment allowance*

According to Circular No. 32/2010/TT-BLDTBXH guiding the implementation of Decree No. 127/2008/ND-CP on Unemployment insurance, from 1 January 2010, the Bank is obligated to pay 1% of the salary fund for unemployment insurance for the participants and concurrently deduct 1% of salary or wage of each unemployment insurance participating employee for payment of unemployment insurance into Unemployment Insurance Fund.

III– ADDITIONAL INFORMATION FOR BALANCE SHEET ITEMS

1. Cash, gold and gemstones

	30/06/2019 VND million	31/12/2018 VND million
Cash in VND	1,850,547	1,200,027
Cash in foreign currencies	465,671	533,784
Gold	4,988	2,760
	2,321,206	**1,736,571**

2. Balances with State banks

	30/06/2019 VND million	31/12/2018 VND million
Balances with the State Bank of Vietnam	2,755,830	9,656,880
- *In VND*	*2,753,703*	*9,218,330*
- *In foreign currencies*	*2,127*	*438,550*
Balances with the Bank of the Lao PDR	154,157	292,892
Balances with the National Bank of Cambodia	516,855	598,312
	3,426,842	**10,548,084**

Balances with the State Bank of Vietnam (SBV) consist of current accounts and compulsory required reserves in accordance to the regulations of SBV.

Balances with the Bank of the Lao PDR and the National Bank of Cambodia consist of current accounts and compulsory required reserves in accordance with regulations of the Bank of the Lao PDR and the National Bank of Cambodia.

3. Cash and gold deposits at and loans to other credit institutions

	30/06/2019 VND million	31/12/2018 VND million
Cash, gold deposits at other credit institutions	**44,384,442**	**35,363,429**
Of which:		
Current Accounts		
- *In VND*	*6,975,862*	*7,999,219*
- *In foreign currencies, gold*	*4,965,862*	*3,536,863*
Term deposit		
- *In VND*	*24,998,050*	*20,313,150*
- *In foreign currencies, gold*	*7,444,668*	*3,514,197*
Loans to other credit institutions	**8,463,090**	**9,894,199**
In VND	*6,496,005*	*7,861,987*
In foreign currencies, gold	*1,967,085*	*2,032,212*
Allowance for loans losses of loans to other CIs	(196,000)	(196,000)
	52,651,532	**45,061,628**

4. Securities held for trading

Investments into securities held for trading as at 31 March 2019 and 31 December 2018 include:

	30/06/2019 VND million	31/12/2018 VND million
Debt Securities		
Listed	-	-
Unlisted	590,500	227,884
Equity Securities		
Listed	387,009	186,015
Unlisted	282,451	270,136
	1,259,960	**684,035**
Allowance for diminution in the value of securities held for trading	(77,568)	(106,363)
	1,182,392	**577,672**

5. Loans to customers

	30/06/2019 VND million	31/12/2018 VND million
Outstanding loans to customers		
Loans to domestic economic entities and individuals	232,036,535	207,864,043
Discounted commercial bills and valuable papers	604,959	560,381
Loans granted from borrowed and entrusted funds	439,103	453,531
Payables on behalf of customers	1,216	11,388
Loans to foreign economic entities and individuals	3,199,720	3,496,331
	236,281,533	***212,385,674***
Securities margin loan and advances to MBS customers	2,643,109	2,300,284
	238,924,642	**214,685,958**

- ***Loan quality analysis:***

	30/06/2019 VND million	31/12/2018 VND million
Outstanding loans to customers		
Current loans	232,829,898	208,168,412
+ of which, Loans at MBS	*2,643,109*	*2,300,284*
Special mentioned loans	3,093,808	3,657,858
Sub-standard loans	1,304,642	1,099,661
Doubtful loans	1,379,034	797,692
Loss	317,260	962,335
	238,924,642	**214,685,958**

- ***Notes to outstanding loans by term:***

	30/06/2019 VND million	31/12/2018 VND million
Outstanding loans to customers		
Short-term	117,598,483	105,138,545
Mid-term	34,311,621	33,281,381
Long-term	84,371,429	73,965,748
	236,281,533	212,385,674
Securities margin loan and advances to MBS customers	2,643,109	2,300,284
	238,924,642	**214,685,958**

- ***Notes to outstanding loans by category of customer and type of economic entities***

	30/06/2019 VND million	*%*	*31/12/2018 VND million*	*%*
Outstanding loans to customers				
Loans to economic entities	**139,312,517**	**58.31**	**127,667,303**	**59.48**
State-owned enterprises	13,150,562	5.50	9,061,436	4.22
One-member limited liability companies with 100% State-owned capital	8,136,317	3.41	8,093,086	3.77
Limited liability companies with more than one members with more than 50% State-owned capital	682,785	0.29	552,172	0.26
Other limited liability companies	44,275,265	18.53	42,429,561	19.76
Joint Stock companies with more than 50% State-owned Capital (the State holds dominating shares)	8,080,158	3.38	7,390,803	3.44
Other joint stock companies	57,189,966	23.94	52,972,047	24.67
Partnership	-	0.00	-	-
Private enterprises	-	0.00	-	-
Foreign invested enterprises	7,583,341	3.17	6,892,653	3.21
Cooperatives and cooperative unions	214,123	0.09	275,545	0.13
Loans to individuals	**93,608,777**	**39.18**	**81,010,507**	**37.73**
Household business, individuals	93,608,777	39.18	81,010,507	37.73
Other loans	**160,630**	**0.06**	**211,532**	**0.10**
Administrative units, Communist Party, Union and Association	27,680	0.01	56,663	0.03
Others	132,950	0.05	154,869	0.07
Loans to customers of the Foreign branches	**3,199,609**	**1.34**	**3,496,332**	**1.63**
Loans to enterprises	2,412,990	1.01	2,724,665	1.27
Loans to individuals	786,619	0.33	771,667	0.36
	236,281,533	**98.89**	**212,385,674**	**98.92**
Securities margin loan and advances to MBS customers	2,643,109	1.11	2,300,284	1.08
	238,924,642	**100.00**	**214,685,958**	**100.00**

- ***Notes to outstanding loans by industry sectors***

	30/06/2019 VND million	*%*	*31/12/2018 VND million*	*%*
Outstanding loans to customers of the Bank				
Agriculture, Forestry, Fishery	3,117,864	1.30	3.095.756	1,44
Mining	4,522,593	1.89	3.941.497	1,84
Manufacturing and processing	38,227,382	16.00	36.303.626	16,91
Production & Distribution of Electricity, Gas, Hot Water, Steam and Air-Conditioning	8,417,052	3.52	6.263.470	2,92
Water supply, garbage & sewage management & treatment	733,904	0.31	748.549	0,35
Construction	19,935,642	8.34	20.494.258	9,55
Wholesale, Retail trade, Repair of Automobiles, Motor cycles and other Automotive Vehicles	55,894,163	23.39	47.291.140	22,02
Transportation, Warehousing	8,571,146	3.59	10.048.584	4,68
Hospitality services	6,407,256	2.68	4.623.613	2,15
Information & Communication	3,385,854	1.42	3.133.806	1,46
Finance, Banking and Insurance	621,939	0.26	576.831	0,27
Real estate trading	5,628,639	2.36	5.234.177	2,44
Professional, scientific & technological activities	280,915	0.12	210.248	0,10
Administration & Supporting services	871,608	0.36	612.640	0,29
Education & Training	855,573	0.36	525.213	0,24
Healthcare and social work	1,112,726	0.47	916.753	0,43
Arts, entertainment and recreation	79,375	0.03	74.206	0,03
Other services	71,483	0.03	74.323	0,03
Households services, producing household self-consumed products and services	74,346,810	31.12	64.720.655	30,14
Loans at Foreign branches	3,199,609	1.34	3.496.331	1,63
	236,281,533	**98.89**	**212.385.674**	**98,92**
Securities margin loan and advances to MBS customers	2,643,109	1.11	2.300.284	1,08
	238,924,642	**100.00**	**214.685.958**	**100,00**

6. Movements (increase/decrease) of allowance for loans losses:

(i) Movements in the allowance for loans losses as at 30 June 2019 include the following items:

	In Vietnam			*In foreign branches*			*Total*		
	Specific Allowance	*General Allowance*	*Total*	*Specific Allowance*	*General Allowance*	*Total*	*Specific Allowance*	*General Allowance*	*Total*
Balance as at 1 January 2019	**1,533,960**	**1,537,028**	**3,070,988**	**113,744**	**26,273**	**140,017**	**1,647,704**	**1,563,301**	**3,211,005**
Allowance made / reversed during the period	2,193,235	182,043	2,375,278	512	(1,987)	(1,475)	2,193,747	180,056	2,373,803
Utilized allowances	(2,579,862)	-	(2,579,862)	(79,896)	-	(79,896)	(2,659,758)	-	(2,659,758)
Exchange rate adjustment	-	-	-	238	110	348	238	110	348
Adjustment under foreign branches's audited reports	-	-	-	3,633	-	3,633	3,633		3,633
Balance as at 30 June 2019	**1,147,333**	**1,719,071**	**2,866,404**	**38,231**	**24,396**	**62,627**	**1,185,564**	**1,743,467**	**2,929,031**

(ii) Movements in the allowance for loans losses as at 31 December 2018 include the following items:

	In Vietnam			*In foreign branches*			*Total*		
	Specific Allowance	*General Allowance*	*Total*	*Specific Allowance*	*General Allowance*	*Total*	*General Allowance*	*General Allowance*	*Total*
Balance as at 1 January 2018	**707,669**	**1,292,499**	**2,000,168**	**98,323**	**27,193**	**125,516**	**805,992**	**1,319,692**	**2,125,684**
Allowance made / reversed during the period	2,772,196	244,529	3,016,725	38,428	(1,925)	36,503	2,810,624	242,604	3,053,228
Utilized allowances	(1,932,251)	-	(1,932,251)	(25,393)	-	(25,393)	(1,957,644)	-	(1,957,644)
Exchange rate adjustment	-	-	-	2,377	1,014	3,391	2,377	1,014	3,391
Provision adjustment State Audit	(13,654)	-	(13,654)	-	-	-	(13,654)	-	(13,654)
Balance as at 31 December 2018	**1,533,960**	**1,537,028**	**3,070,988**	**113,735**	**26,282**	**140,017**	**1,647,695**	**1,563,310**	**3,211,005**

7. Investment securities

7.1. Available-for-sale investment securities

The detailed data of available-for-sale investment securities of the Bank is as follows:

		30/06/2019 *VND million*	*31/12/2018* *VND million*
Debt securities			
Debt securities issued by the Government	(i)	24,401,241	26,297,832
Debt securities guaranteed by the Government	(i)	16,782,717	16,223,851
Treasury bills by SBV	(i)	1,280,271	1,281,273
Debt securities issued by other credit institutions	(ii)	27,384,059	20,897,686
Debt securities issued by domestic economic entities	(iii)	11,951,050	5,604,045
Equity securities			
Equity securities issued by other credit institutions		-	-
Equity securities issued by domestic economic entities		-	162,717
		81,799,338	**70,467,404**
Allowance for diminution in the value of available-for-sale securities		(204,186)	(132,988)
		81,595,152	**70,334,416**

(i) *Debt securities issued by the Government (including SBV bill)* and *Debt securities guaranteed by the Government* include bonds with 2 year to 20-year term at annual interest rates from 3.80% to 11.60%.

(ii) *Debt securities issued by other credit institutions* include bonds with 6 month to 5-year term at annual interest rates from 5.30% to 9.3%.

(iii) *Debt securities issued by domestic economic entities* include bonds with 1.5 to 11-year term at annual interest rates from 8.50% to 10.90%

7.2. Held-to-maturity investment securities

		30/06/2019 *VND million*	*31/12/2018* *VND million*
Held-to-maturity investment securities			
Bonds guaranteed by the Government		40,175	20,330
Bonds issued by other credit institutions	(i)	280,000	580,000
Bonds issued by domestic economic entities	(ii)	3,067,935	2,921,814
		3,388,110	**3,522,144**
Allowance for diminution in the value of held-to-maturity investment securities		(102,522)	(125,246)
		3,285,588	**3,396,898**

(i) *Bonds issued by other credit institutions* with 3-year to 15-year term at annual interest rates from 9.00% to 17.20%.

(ii) *Bonds issued by domestic economic entities* include bonds with 1.5-year to 15-year term at annual interest rates from 8.90% to 10.50%.

8. Capital contribution & long-term investment

Details of long-term investments items are as follows:

	30/06/2019 VND million	*31/12/2018 VND million*
Investment in associates	-	-
Other long-term investments	1,033,063	931,653
	1,033,063	**931,653**
Allowance for diminution in the value of long-term investments	(150,411)	(203,610)
	882,652	**728,043**

8.1. Investments in Associates

	30/06/2019 VND million	*31/12/2018 VND million*
MIC Investment Joint Stock Company	-	-
Long Thuan Loc Joint Stock Company	-	-
	-	**-**

8.2. Other long-term investments

	30/06/2019 VND million	*31/12/2018 VND million*
Investment in economic entities	756,406	795,072
Investment in investment funds	162,076	22,000
Investment in long-term projects	114,581	114,581
	1,033,063	**931,653**

9. Tangible fixed assets

Movements in tangible fixed assets ending on 31 June 2019 are as follows:

	Building and structures VND million	*Machines, equipment VND million*	*Means of transportation VND million*	*Other tangible fixed assets VND million*	*Total VND million*
Cost					
Opening balance	1,367,799	1,192,297	578,096	130,267	3,268,459
Increase during the period	42	85,463	32,992	4,732	123,229
Decrease during the period	(1,013)	(2,133)	(1,419)	(1,363)	(5,928)
Adjustment under foreign branches's accounting report	-	2,614	-	-	2,614
Exchange rate adjustment	26	53	11	-	90
Closing balance	1,366,854	1,278,294	609,680	133,636	3,388,464
Accumulated amortization					
Opening balance	208,492	919,785	425,961	128,069	1,682,307
Depreciation during the period	27,370	70,017	31,005	1,068	129,460
Decrease during the period	-	(2,124)	(844)	(1,346)	(4,314)
Adjustment under foreign branches's accounting report		(512)			(512)
Exchange rate adjustment	19	44	11	-	74
Closing balance	235,881	987,210	456,133	127,791	1,807,015
Net book value					
Opening balance	1,159,307	272,512	152,135	2,198	1,586,152
Closing balance	1,130,973	291,084	153,547	5,845	1,581,449

Movements in tangible fixed assets ending on 31 December 2018 are as follows:

	Building and structures VND million	*Machines, equipment VND million*	*Means of transportation VND million*	*Other tangible fixed assets VND million*	*Total VND million*
Cost					
Opening balance	1,373,016	1,006,132	563,281	140,602	3,083,031
Increase during the period	33,853	181,626	88,481	7,169	311,129
Decrease during the period	(1,276)	(9,017)	(58,942)	(971)	(70,206)
Decrease due to MBLand transfer	(38,105)	-	(14,837)	(3,330)	(56,272)
Exchange rate adjustment	311	354	112	-	777
Closing balance	1,367,799	1,179,095	578,095	143,470	3,268,459
Accumulated depreciation					
Opening balance	156,922	803,975	406,969	128,532	1,496,398
Depreciation during the period	59,100	115,962	61,961	4,766	241,789
Decrease during the period	(1,379)	(4,340)	(36,001)	772	(40,948)
Decrease due to MBLand transfer	(6,175)	-	(6,817)	(2,288)	(15,280)
Exchange rate adjustment	26	234	88	-	348
Closing balance	208,494	915,831	426,200	131,782	1,682,307
Net book value					
Opening balance	1,216,094	202,157	156,312	12,070	1,586,633
Closing balance	1,159,305	263,264	151,895	11,688	1,586,152

10. Intangible fixed assets

Movements in intangible fixed assets ending on 30 June 2019 are as follows:

	Definite land use rights *VND million*	*Computer software* *VND million*	*Other intangible fixed assets* *VND million*	*Total* *VND million*
Cost:				
Opening balance	1,075,116	743,180	4,857	1,823,153
Increase during the period	-	48,651	-	48,651
Decrease during the period	-	5	-	5
Adjustment under foreign branches's audited reports	-	(1,497)	-	(1,497)
Exchange rate adjustment	-	-	-	-
Closing balance	1,075,116	790,339	4,857	1,870,312
Accumulated amortization:				
Opening balance	141,870	565,749	2,372	709,991
Increase during the period	9,337	42,450	628	52,415
Decrease during the period	-	-	-	-
Adjustment under foreign branches's audited reports	-	(888)	-	(888)
Exchange rate adjustment	-	4	-	4
Closing balance	151,207	607,315	3,000	761,522
Net book value:				
Opening balance	933,246	177,431	2,485	1,113,162
Closing balance	923,909	183,024	1,857	1,108,790

Movements in intangible fixed assets ending on 31 December 2018 are as follows:

	Definite land use rights *VND million*	*Computer software* *VND million*	*Other intangible fixed assets* *VND million*	*Total* *VND million*
Cost:				
Opening balance	980,764	621,885	338	1,602,987
Increase during the period	94,352	121,502	4,729	220,583
Decrease during the period	-	(265)	-	(265)
Decrease due to MBLand transfer	-	(186)	-	(186)
Exchange rate adjustment	-	34	-	34
Closing balance	1,075,116	742,970	5,067	1,823,153
Accumulated amortization:				
Opening balance	123,266	461,801	93	585,160
Increase during the period	18,604	103,209	3,376	125,189
Decrease during the period	-	(265)	-	(265)
Decrease due to MBLand transfer	-	(145)	-	(145)
Exchange rate adjustment	-	52	-	52
Closing balance	141,870	564,652	3,469	709,991
Net book value:				
Opening balance	857,498	160,084	245	1,017,827
Closing balance	933,246	178,318	1,598	1,113,162

11. Investment properties

The movements of investment properties during the fiscal year ending 30 June 2019 are as follows:

	Building and structures VND million	*Definite land use rights VND million*	*Total VND million*
Cost:			
Opening balance	30,813	-	30,813
Increase during the year	-	-	-
Decrease during the year	-	-	-
Ending balance	30,813	-	30,813
Accumulated depreciation:			
Opening balance	-	-	-
Increase during the year	-	-	-
Decrease during the year	-	-	-
Ending balance	-	-	-
Net book value:			
Opening balance	30,813	-	30,813
Ending balance	30,813	-	30,813

The movements of investment properties during the period ending 31 December 2018 are as follows:

	Building and structures VND million	*Definite land use rights VND million*	*Total VND million*
Cost:	-	100,296	100,296
Opening balance	30,813	-	30,813
Increase during the period	-	(100,296)	(100,296)
Decrease during the period	30,813	-	30,813
Decrease due to MBLand transfer			
Ending balance			
	-	7,513	7,513
Accumulated depreciation:	-	2,470	2,470
Opening balance		-	-
Increase during the period	-	(9,983)	(9,983)
Decrease during the period	-	-	-
Decrease due to MBLand transfer			
Ending balance			
	-	92,783	92,783
Net book value:	30,813	-	30,813
Opening balance	-	100,296	100,296
Ending balance	30,813	-	30,813

12. Receivables

	30/06/2019 VND million	31/12/2018 VND million
Internal receivables	258,253	250,004
External receivables	12,080,070	10,075,115
	12,338,323	**10,325,119**

Details of external receivables are as follows:

	30/06/2019 VND million	31/12/2018 VND million
- Cost of unfinished construction	1,835,302	1,766,138
- Escrow deposit at foreign banks	1,014,006	508,427
- Draft Buyback LC & Upas LC	2,318,793	3,929,665
- Receivables from BankPlus service	1,897,367	74,028
- Receivables from payment service	1,785,718	1,323,902
- Other receivables	3,228,884	2,472,955
	12,080,070	**10,075,115**

13. Other Assets

	30/06/2019 VND million	31/12/2018 VND million
Prepaid expenses	900,364	802,466
Goodwill	57,136	66,658
Other assets	1,464,099	1,398,484
	2,421,599	**2,267,608**

14. Deposits and borrowings from other credit institutions

	30/06/2019 VND million	31/12/2018 VND million
Demand deposits from other credit institutions		
- *In VND*	*7,023,024*	*5,324,995*
- *In gold and foreign currencies*	*10,169*	*18,412*
Term deposits from other credit institutions		
- *In VND*	*33,606,050*	*28,807,851*
- *In gold and foreign currencies*	*7,317,680*	*6,541,674*
Borrowings from other credit institutions		
- *In VND*	*6,029,936*	*4,654,940*
- *In gold and foreign currencies*	*14,857,263*	*15,123,009*
	68,844,122	**60,470,881**

15. Customer deposits

- ***Notes to deposits by type:***

	30/06/2019 VND million	31/12/2018 VND million
Current account and gold	**66,641,283**	**76,888,783**
Current account in VND	*56,848,197*	*66,271,139*
Current account in foreign currencies	*9,793,086*	*10,617,644*

Term deposits and gold	**173,539,550**	**142,506,465**
Term deposits in VND	*168,455,234*	*137,765,728*
Term deposits in foreign currencies	*5,084,316*	*4,740,737*
Deposits for specific purpose	**4,026,514**	**4,925,934**
Margin deposits	**14,801,597**	**15,643,136**
Margin deposits in VND	*7,918,997*	*8,273,441*
Margin deposits in foreign currencies	*6,882,600*	*7,369,695*
	259,008,944	**239,964,318**

- ***Notes to deposits by type of customers***

	30/06/2019 VND million	*31/12/2018 VND million*
Deposits of economic entities	145,323,007	139,870,971
Deposits of individuals	113,685,937	100,093,347
	259,008,944	**239,964,318**

16. Financial derivatives and other financial liabilities

	Total book value (at exchange rate of the reporting date)		
	Assets VND million	*Liabilities VND million*	*Net value VND million*
As at 30 June 2019			
Currency derivative financial instruments	**18,273**	**(80,054)**	**(61,781)**
Currency forward transactions	11,751	-	11,751
Currency swap transactions	6,522	(80,054)	(73,532)
As at 31 December 2018			
Currency derivative financial instruments	**36,032**	**(41,666)**	**(5,634)**
Currency forward transactions	15,207	-	15,207
Currency swap transactions	20,825	(41,666)	(20,841)

17. Borrowed and entrusted funds and risk-bearing loans to CI

	30/06/2019 VND million	*31/12/2018 VND million*
Fund received from other institutions (*)	302,881	319,963
	302,881	**319,963**

(*) Fund received from other organizations represent ODA funds from the Bank of Japan International Cooperation in VND through the State Bank of Vietnam under their project to finance small and medium enterprises. The framework agreement was signed on 17 March 2010. Loan terms are long-term and medium-term loans with an interest rate of 5.04% per annum.

18. Valuable papers issued

		30/06/2019 VND million	31/12/2018 VND million
Ordinary bonds issued in 2017	(i)	3,793,554	4,120,882
Ordinary bonds issued in 2018	(ii)	2,993,819	2,993,756
Depositary certificate issued in 2018	(iii)	3,800,000	4,043,000
Depositary certificate issued in 2019	(iv)	8,292,000	-
		18,879,373	**11,157,638**

(i) Ordinary bonds issued by the Bank in 2017 at the annual interest rate from 8.30 - 8.55%.

(ii) Ordinary bonds issued by the Bank in 2018 at the annual interest rate from 7.775 – 8.575%.

(iii) Depositary certificate issued by the Bank in 2018 at the annual interest rate from 6.15%-7%

(iv) Depositary certificate issued by the Bank in 2019 at the annual interest rate from 4.1%-7%

19. Other payables and liabilities

	30/06/2019 VND million	31/12/2018 VND million
Internal payables	1,707,987	1,620,767
External payables	11,204,733	9,142,397
	12,912,720	**10,763,164**

20. Capital and reserves

20.1. Report on changes in consolidated owners' equity and reserves

As at 30 June 2019 the number of outstanding shares issued by the Bank was **2,160,451,381** shares at par value of VND 10,000. Hence the Bank's charter capital was VND **21,604,514** million.

Unit: VND million

Items	Opening balance	Provision	Used/Decreased	Other movement	Ending balance
Charter capital	21,604,514	-	-	21,604,514	21,604,514
Treasury shares		(1,036,712)	-	(1,036,712)	
Other capital	27,834	-	-	27,834	27,834
Financial reserves	2,308,267	574,540	(1,820)	2,880,987	2,308,267
Additional equity reserve	1,172,398	291,704	(1,820)	1,462,282	1,172,398
Other reserves	406,470	344,947	(46,382)	705,035	406,470
Non-controlling interest	1,529,704	316,663	(42,740)	1,803,627	1,529,704
Retained earnings	7,123,671	3,777,111	(2,822,151)	8,078,631	7,123,671
Total	**34,172,858**	**4,268,253**	**(2,914,913)**	**35,526,198**	**34,172,858**

20.2. Bank's reserves

In accordance with Decree 93/2017/ND-CP issued by the Government dated 07 August 2017, before making profit distribution, Bank is required to make appropriation of reserves as follows:

	Profit after tax percentage	*Maximum percentage*
Equity reserve fund	5% Profit after tax	100% of the charter capital
Financial reserves	10% Profit after tax	

The appropriation of other funds shall be at the discretion of the credit institution as per resolutions of General Meeting of Shareholders.

20.3. *Earnings per share*

	From 01/01/2019 to 30/06/2019 VND million	*From 01/01/2018 to 30/06/2018 VND million*
Profit after tax (for the Bank, excluding non-controlling interest)	3,777,111	2,998,208
Weighted average number of outstanding ordinary shares (shares)	2,146,335,487	2,160,451,381
Earnings per Share (VND/share)	**1,760**	**1,388**

20.4. *Shares:*

	30/06/2019	*31/12/2018*
Number of shares registered for issuance		
Number of shares offered to the public	2,160,451,381	2,160,451,381
- *Ordinary shares*	*2,160,451,381*	*2,160,451,381*
Number of repurchased shares	47,052,980	-
- *Ordinary shares*	*47,052,980*	-
- *Preference shares*		
Number of outstanding shares	2,113,398,401	2,160,451,381
- *Ordinary shares*	*2,113,398,401*	*2,160,451,381*
- *Preference shares*		

IV- Additional information to items presented in the Statement of Income

1. Interest and similar income

	From 01/01/2019 to 30/06/2019 VND million	*From 01/01/2018 to 30/06/2018 VND million*
Interest and similar income		
Interest Income from balances with other CIs	559,281	324,919
Interest Income from loans	10,977,571	8,674,755
Interest income from debt securities	2,542,942	1,777,722
Fee from guarantee services	602,459	608,015
Other credit activities	213,550	405,906
	14,895,803	**11,791,317**
Interest and similar expenses		
Interest expense for deposits	(5,385,940)	(4,128,438)
Interest expense for borrowings from SB and other CIs	(377,021)	(222,428)
Interest expense for valuable papers issued	(536,934)	(284,640)
Other credit activities	(66,194)	(358,628)
	(6,366,089)	**(4,994,134)**

2. Net gain (loss) from fee and commission

	From 01/01/2019 to 30/06/2019 VND million	From 01/01/2018 to 30/06/2018 VND million
Fee and commission income		
Settlement and cash services	394,162	330,227
Securities related, fund management services	262,683	252,992
Income from business and insurance services	1,778,302	1,142,056
Other services	465,194	321,636
	2,900,341	**2,046,911**
Fee and commission expenses		
Settlement and cash services	(19,963)	(16,577)
Expenses for securities related and fund management services	(15,622)	(23,834)
Expenses for insurance services	(319,051)	(440,197)
Other services	(118,635)	(102,915)
	(473,271)	**(583,523)**
Net fee and commission income	**1,813,191**	**977,884**

3. Net gain/loss from trading of foreign currencies

	From 01/01/2019 to 30/06/2019 VND million	From 01/01/2018 to 30/06/2018 VND million
Income from trading of foreign currencies		
Income from spot currencies contracts	370,689	349,954
Income from forward currencies contracts	370,277	173,026
	740,966	**522,980**
Expenses on foreign currencies		
Expenses for spot foreign currencies contracts	(51,858)	(135,162)
Expenses for forward foreign currencies contracts	(404,852)	(213,137)
	(456,710)	**(348,299)**
Net gain/(loss) from trading of foreign currencies	**284,256**	**174,681**

4. Net gain/(loss) from securities held for trading, investment securities and capital contribution and long-term investments

	From 01/01/2019 to 30/06/2019 VND million	From 01/01/2018 to 30/06/2018 VND million
Gain/(loss) from securities held for trading, investment securities and capital contribution and long-term investments		
Income from securities held for trading, investment securities and capital contribution and long-term investments	307,529	506,894
Expenses for securities held for trading, investment securities and capital contribution and long-term investments	(79,157)	(84,826)
	228,372	**422,068**
Allowance for diminution in the value of securities held for trading, investment		

securities and capital contribution and long-term investments		
Reversal of/ expense for allowance for diminution in the value of securities held for trading, investment securities	(19,890)	(111,442)
Reversal of expense for allowance for diminution in the value of long-term capital contributions / investments	53,409	515
	33,519	**(110,927)**
Net gain/(Loss) from trading securities, investment securities and capital contribution and long-term investments	**261,891**	**311,141**

5. Net gain/loss from other activities

	From 01/01/2019 to 30/06/2019 VND million	*From 01/01/2018 to 30/06/2018 VND million*
Recovery of bad debts previously written off	615,592	572,426
Income from trading and lease of property	1,607	78,062
Net gain/loss from other financial derivatives	61,820	47,088
Other incomes	292	25,750
	679,311	**723,326**

6. Income from capital contribution, share purchases

	From 01/01/2019 to 30/06/2019 VND million	*From 01/01/2018 to 30/06/2018 VND million*
Dividends received from contribution in associates	-	-
Dividends received from securities trading	20,256	26,388
Dividends received during the year from capital contribution and share purchase	23,352	13,679
	43,608	**40,067**

7. Operating expenses

	From 01/01/2019 To 30/06/2019 VND million	*From 01/01/2018 to 30/06/2018 VND million*
Taxes, duties and fees	28,127	17,364
Salaries and related expenses	2,700,064	2,164,656
Expenditures on assets, instrument & tools	557,875	471,731
- Depreciation and amortization	*181,875*	*160,416*
- Others	*376,000*	*311,315*
Expenditures for administration and official purposes	1,013,203	827,544
- Expenditure for business trip	*58,006*	*48,233*
- Union activities	*2,320*	*2,734*
- Others	*952,877*	*776,577*
Insurance expense on deposit of customers	73,164	68,493
	4,372,433	**3,549,788**

8. Employee incomes

	For the period from 01/01/2019-30/06/2019 VND million
Average total number of employees during the period (employees)	15,813
Total income	**2,481,726**
Average monthly income	26,90

9. Allowance reserved/(made) for losses

	From 01/01/2019 to 30/06/2019 VND million	*From 01/01/2018 to 30/06/2018 VND million*
Allowance (reversed)/made for loans to CIs	-	-
Allowance for customer credit risk	2,373,803	1,664,871
Allowance (reversed)/made for other risks	(9,634)	(19,841)
	2,364,169	**1,645,030**

10. Obligations to the State Budget

		Changes during the period			
	Opening balance	*Amount payable*	*Amount paid*	*Điều chỉnh*	*Ending balance*
VAT	50,697	171,980	(172,254)		50,423
Corporate Income Tax	333,714	939,443	(804,818)	7,435	475,774
Other taxes	162,259	421,063	(536,384)		46,938
	546,670	**1,532,486**	**(1,513,456)**	**7,435**	**573,135**

11. Corporate income tax

11.1. Tax expense

	From 01/01/2019 to 30/06/2019 VND million	*From 01/01/2018 to 30/06/2018 VND million*
Current corporate income tax expense	**939,443**	**803,379**
Current year	939,443	803,379
Expense/reversal of deferred income tax	**4,977**	**(14,223)**
Expense/reversal of deferred income tax	4,977	(14,223)
Corporate income tax expense	**944,420**	**789,156**

11.2. Corporate Income Tax

The Bank is obligated to pay corporate income tax of 20% on the total taxable profits.

	30/06/2019 VND million	*30/06/2018 VND million*
Gross accounting consolidated profit before tax	**4,875,369**	**3,829,464**
Adjustments for:		
- Tax-exempt income (including dividends and profits from subsidiaries)	(696,304)	(364,025)
- Non-taxable consolidated adjusted amounts	(76,058)	21,427
- Unrecognized deferred tax assets	-	-

- Non-deductible expenses	5,015	2,921
Estimated taxable income of the Bank	**4,108,022**	**3,489,787**
Current corporate income tax (20%) of the Bank (i)	821,604	697,957
Corporate income tax of foreign branches (ii)	8,899	5,086
Corporate income tax of subsidiaries (iii)	108,940	100,336
Reversal of deferred tax of subsidiaries (iv)	4,977	(14,223)
Corporate income tax expenses (i+ii+iii+iv)	**944,420**	**789,156**

12. Cash and cash equivalents

Net cash and cash equivalents shown on the consolidated statement of cash flows include items in the following consolidated balance sheet:

	30/06/2019 VND million	*31/12/2018 VND million*
Cash and cash equivalents in hand	2,321,206	1,736,571
Balances with the SBV	3,426,842	10,548,084
Deposits at credit institutions with original term of not exceeding 3 months	44,384,442	35,363,429
	50,132,490	**47,648,084**

V- OTHER INFORMATION

1. Other significant risk-bearing off-balance sheet activities of the Bank

Item	***30/06/2019 VND million***	***31/12/2018 VND million***
I. Contingent liabilities		
+ Loan guarantee	88,944	89,264
+ LC commitments	13,681,536	24,623,727
+ Other guarantees	66,930,113	71,203,920
II. Foreign exchange commitments	**152,445,521**	**124,675,198**
+ Foreign exchange purchase commitments	*7,387,881*	*9,019,360*
+ Foreign exchange sale commitments	*9,720,255*	*11,102,468*
+ Swap purchase commitments	*67,668,215*	*52,271,736*
+ Sway sale commitments	*67,669,170*	*52,281,634*
III. Other commitments		
+ Irrevocable loan commitments		
+ Other commitments	22,982,571	20,325,895

Contingent liabilities and commitments

In the course of business, the Bank provides financial instruments relating to off-balance sheet items in the consolidated financial statement. These financial instruments primarily include guarantee commitments and letters of credit. These instruments also generate credit risk for the Bank in addition to the credit risk presented on the balance sheet.

Credit risk of off-balance sheet financial instruments is defined as the possibility to generate credit risk for the Bank when one of the parties involved in such financial instruments fails to fulfill terms and conditions under the contract.

Financial guarantees are conditional commitments issued by the Bank to its customers to conduct transaction with a third party in the form of loan guarantee, payment guarantee, contract performance guarantee and bidding guarantee. Credit risk relating to guarantees essentially entails the same risk as lending to customers.

Sight letters of credit is the kind of transaction where the Bank provides financing to its customers, usually the buyer / importer, and the beneficiary is typically the seller / exporter. Credit risk entailed in sight letters of credit is usually lower because imported goods are used as collateral for this type of transaction.

For time letters of credit, risks will arise when the contract is performed but the customer fails to pay the beneficiary. Unpaid time letters of credit will be recognized as forced loan by the Bank, and the corresponding liabilities indicate its financial obligation to pay the beneficiary and fulfill the guarantee obligations.

The Bank often requires deposit from customers as collateral for credit-related financial instruments when necessary. Deposit value ranges from 0% to 100% of the offered commitment, depending on customer's creditworthiness rated by the Bank.

2. Transactions with related parties

Transactions with related parties are transactions made with parties related to the Bank. A party is considered to be related party to the Bank if:

(a) The party either directly or indirectly through one or more intermediaries:

- controls or is controlled by, or under general control of the Bank (including holding company, their subsidiaries);
- has capital contributions to the Bank and therefore has significant influence over the Bank;
- has joint control over the Bank;

(b) Related party is a joint venture in which the Bank is a party (see Vietnam Accounting Standard No. 8 - Financial Information of Investments in Joint Ventures);

(c) A member of the party is key personnel in the management board of the Bank or its holding company;

(d) The party is a relative of any individual referred to in point (a) or (c);

(e) The related party is a bank being directly or indirectly controlled, co-controlled or significantly influenced, or subject to voting rights of any individual referred to in point (c) or (d);

Total outstanding receivables and payables of the Bank with major shareholders (holding from 5% of the Bank's charter capital) as at 31 June 2019 are as follows:

Transaction type	*Receivables VND million*	*(Payables) VND million*
Deposits at the Bank	-	(14,734,586)
Loans to the Bank	190,716	-
Valuable papers issued by the Bank	-	-

Total outstanding receivables and payables of the Bank with major shareholders (holding from 5% of the Bank's charter capital) as at 31 December 2018 are as follows:

Transaction type	*Receivable VND million*	*(Payable) VND million*
Deposits at the Bank	-	(7,488,952)
Loans to the Bank	243,851	-
Valuable papers issued by the Bank	-	-

3. Consolidated segment reporting according to geographical segments

3.1. The level of geographical concentration of assets, liabilities and off-balance sheet items

Total outstanding loans, total deposits, credit commitments derivatives, securities trading and investment by geographical segment are presented in the following table:

	Total outstanding loans	Total deposits	Letter of credit commitments	Securities trading and investment
Domestic	235,725,033	257,850,969	13,681,536	86,447,408
Foreign	3,199,609	1,157,975	-	-

3.2. Consolidated segment reporting according to geographical segment

30 June 2019	*North* *VND million*	*Central* *VND million*	*South* *VND million*	*Foreign* *VND million*	*Total* *VND million*
Assets	277,326,664	32,090,913	88,757,373	4,089,422	402,264,372
Liabilities	243,785,802	31,767,548	87,238,842	3,945,982	366,738,174
Fixed asset	2,431,162	64,706	188,365	6,006	2,690,239
Revenue	10,639,161	2,001,181	6,282,962	282,470	19,205,774
Expenses	7,051,143	1,736,793	5,330,980	211,489	14,330,405
Profit before tax	3,588,018	264,388	951,982	70,981	4,875,369

31 December 2018	*North* *VND million*	*Central* *VND million*	*South* *VND million*	*Foreign* *VND million*	*Total* *VND million*
Assets	259,652,734	26,375,970	73,619,120	2,677,238	362,325,062
Liabilities	227,014,779	25,878,945	72,662,404	2,596,076	328,152,204
Fixed asset	2,629,827	18,817	43,223	7,447	2,699,314
Revenue	26,348,177	1,653,209	5,227,828	610,135	33,839,349
Expenses	20,566,351	1,030,617	3,923,291	551,717	26,071,976
Profit before tax	5,781,826	622,592	1,304,537	58,418	7,767,373

3.3. Consolidated report by business sector

	Finance and banking *VND million*	Securities and Fund management *VND million*	Insurance *VND million*	Asset & Liability management *VND million*	Real estate business *VND million*	Total *VND million*
30 June 2019						
Assets	391,330,386	4,350,976	5,729,045	853,965	-	402,264,372
Liabilities	359,699,090	2,484,467	4,343,312	211,305	-	366,738,174
Fixed asset	2,385,102	42,787	221,099	41,251	-	2,690,239
Revenue	16,662,349	510,922	1,896,902	135,601	-	19,205,774
Expenses	12,533,538	302,107	1,368,990	125,770	-	14,330,405
Profit before tax	4,128,811	208,815	527,912	9,831	-	4,875,369
31 December 2018						
Assets	351,869,904	3,965,448	5,321,194	1,168,516	-	362,325,062
Liabilities	321,964,383	2,329,123	3,613,710	244,988	-	328,152,204
Fixed asset	2,406,545	29,946	225,391	37,432	-	2,699,314
Revenue	27,076,429	934,961	3,140,611	923,993	1,763,355	33,839,349
Expenses	19,768,736	713,667	3,349,894	608,979	1,630,700	26,071,976
Profit before tax	7,307,693	221,294	(209,283)	315,014	132,655	7,767,373

4. Notes on changes in profit:

Consolidated profit before tax of MB in Quarter II of 2019 increased by VND **540,241** million compared to Quarter II of 2018, equivalent to **28,27%** due to the following reasons:

Items with material changes	**Profit before tax VND million**
Increase in profit due to increase in net interest income	891,008
Increase in profit due to increase in net income from commission and fee income	391,999
Increase in profit due to increase in net income from foreign currencies trading	64,819
Increase in profit due to increase in net gain from trading securities, investment securities and capital contribution and long-term investments	45,588
Decrease in profit due to decrease in net income from other operations	(38,536)
Increase in profit due to increase in income from capital contribution and share purchase	12,037
Decrease in profit due to increase in operating expenses	(379,806)
Increase in profit due to decrease in provision expenses	(446,868)
Total increase/(decrease) impacting to business results	**540,241**

5. Risk management policies related to financial instruments

The Bank's vision is to become a diversified financial group. Therefore, the use of financial instruments, including funding from customers (with deposit products and valuable paper issued) and investments in high quality financial assets has become key activities which help the bank gain necessary interest rate gaps. From risk management perspective, the Bank must maintain the its structure of assets, liabilities and capital (including balance sheet and off-balance sheet items) for the purpose of ensuring prudence and mitigating risk in banking operations. In addition, the Bank also invests in securities or grants credit facilities to other banks. The risks related to currency and interest rate changes are managed through application of position limits to restrict over-concentration and engagement in optimally correlated operations to mitigate risks. A balance sheet of high quality financial instruments will enable the Bank to absorb significant risks during its operations and ensure liquidity. In addition, the Bank also engages in multiple hedging transactions for financial instruments such as foreign currency swaps for the purpose of managing interest rate risk.

In the process of credit risk management, the Bank effectively uses Credit Handbook which provides in details the lending policies and procedures as well as implementation guidance to standardize the Bank's credit activities. Liquidity risk is minimized by holding appropriate amounts of cash and cash equivalents in Nostro account, term deposits at the State Bank and other credit institutions, and valuable papers. Safety ratios taking into account risk factors are also used to manage liquidity risk. The Bank regularly evaluates and benchmarks interest rate gaps to the gaps of the domestic and international markets to make timely adjustments. In addition, the application of internal risk management processes has become more efficient owing to the deployment of the Centralized Capital Management System and Centralized Payment System, whereby Bank's all capital and payment transactions are executed by the Head Office. This allows the Bank to monitor movements in capital and minimize the errors that may occur as well as redundant cumbersome administrative procedures.

5.1 CREDIT RISKS

Credit risks are the intrinsic risk entailed in banks' operations. Credit risk is the possibility of losses due to customers' failure or inability to perform its obligations as committed.

The Bank has maintained credit risk management policy to ensure the following basic principles:

► Establishing an appropriate environment for credit risk management;

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

The Bank's credit appraisal process is comprised of various levels of approval to ensure independence; at the same time, approval of loans is done based on the credit limit assigned to each competent authorization level. Besides, the Bank's credit approval process also involves the Credit Council to ensure centralized credit approval with the highest quality.

The Bank is applying the internal credit rating system which has been approved by the State Bank as a credit risk management tool, whereby each customer is classified in a specific level of risk. This level of risk can be modified, updated on a regular basis. Customers' credit data and ratings across the system are controlled and managed centrally at the Head Office. This is the basis for the credit granting and service delivery to customers as well as the allowance for loans losses in accordance with regulations.

5.2 MARKET RISKS

5.2.1 Interest rate risks

Effective interest rate re-pricing term is the period from the date of the consolidated financial statements to the next interest re-pricing time of assets and equity.

The following assumptions and conditions are applied in the analysis of the effective interest rate re-pricing of assets and liabilities of the Bank:

- Cash, gemstones; long-term capital contribution and investments and other assets (including fixed assets and other assets) are not subject to interest rate re-pricing;
- Balances at the State Bank of Vietnam is classified as demand deposit so the effective interest rate re-pricing term is up to one month;
- Effective interest rate re-pricing term of investment securities are calculated based on actual time to maturity of each individual stock at the date of the consolidated financial statements;
- Effective interest rate re-pricing term of deposits at and loans to other credit institutions, loans to customers, loans from the Government and State Bank of Vietnam; deposits and borrowings from other credit institutions and customer deposits is determined as follows:

    - Items with a fixed rate throughout their term: Effective interest rate re-pricing term is based on actual time to maturity at the date of the consolidated financial statements.

    - Items with floating interest rates: Effective interest rate re-pricing term is based on the period from the date of the consolidated financial statements to the next interest re-pricing time.

- Effective interest rate re-pricing term of valuable papers issued is based on actual time to maturity of such valuable papers;
- Effective interest rate re-pricing term of funding items entrusted investment and loans where credit institutions bearing the risk is classified into items not subject to interest rate re-pricing;
- Interest rate re-pricing term of other liabilities which are classified into items not subject to interest rate re-pricing.

Classification of assets and liabilities as at 30 June 2019 is as follows:

Unit: VND million

		Interest rate to be re-priced in						
	Overdue by	*Free of interest*	*Up to 1 month*	*From more than 1 - 3 months*	*From more than 3 - 6 months*	*From more than 6 - 12 months*	*Over 1 year*	*Total*
Assets								
Cash, gold and gemstones	-	2,321,206	-	-	-	-	-	2,321,206
Balances with the State Bank	-	9,060	3,417,782	-	-	-	-	3,426,842
Cash, gold balances with and loans from other credit institutions	196,000	304	44,765,802	3,176,299	516,363	2,167,504	2,025,260	52,847,532
Securities held for trading	-	1,255,460	-	-	-	4,500	-	1,259,960
Financial derivatives and other financial assets	-	-	-	-	-	-	-	-
Loans to customers (*)	5,052,644	7,073,990	83,348,475	108,663,099	17,344,088	11,121,230	6,321,116	238,924,642
Investment securities (*)	80,000	244,675	3,430,160	1,330,346	3,850,383	1,803,869	74,448,015	85,187,448
Capital contribution & long-term investment (*)	-	726,295	-	-	-	306,768	-	1,033,063
Fixed asset, investment properties	-	2,721,052	-	-	-	-	-	2,721,052
Other Assets (*)	12,040	18,478,863	496	-	-	-	-	18,491,399
Total assets	**5,340,684**	**32,830,905**	**134,962,715**	**113,169,744**	**21,710,834**	**15,403,871**	**82,794,391**	**406,213,144**
Liabilities								
Amounts due to the Government and SBV	-	-	600,409	2,000,000	-	-	-	2,600,409
Deposits and borrowings from other credit institutions	-	3,278,700	44,248,107	9,472,323	5,375,803	4,164,222	2,304,967	68,844,122
Customer deposits	-	-	135,682,646	18,914,668	29,926,670	31,590,930	42,894,030	259,008,944
Financial derivatives and other financial liabilities	-	61,781	-	-	-	-	-	61,781
Borrowed and entrusted funds and risk bearing loan to other CIs	-	-	-	1,316	6,639	531	294,395	302,881
Valuable papers issued	-	-	69,073	159,000	39,214	1,960,040	16,652,046	18,879,373
Other liabilities (*)	-	17,040,664	-	-	-	-	-	17,040,664
Total liabilities	**-**	**20,381,145**	**180,600,235**	**30,547,307**	**35,348,326**	**37,715,723**	**62,145,438**	**366,738,174**
On-balance sheet interest sensitivity gap	**5,340,684**	**12,449,760**	**(45,637,520)**	**82,622,437**	**(13,637,492)**	**(22,311,852)**	**20,648,953**	**39,474,970**

(*): These items do not include risk provisions.

5.2 **MARKET RISKS** *(cont.)*

5.2.2 Currency risks

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

The Bank was established and operated in Vietnam with its reporting currency being VND. Transaction currency of the Bank is also VND. In the past year, exchange rate between VND and USD fluctuated in a narrow range. Loans and advances to customers of the Bank are mainly denominated in VND and US dollar. Other foreign currencies assets are mainly denominated in US dollar, partly in Euro and other currencies. The Bank has set limits on positions by currency based on internal system. Currency position is managed on a daily basis and hedging strategies are applied to ensure that the position is maintained within established limits.

Classification of assets and liabilities by currency converted into VND million as at 30 June 2019 as follows:

Unit: VND million

	Converted USD	*Converted EUR*	*Converted other currencies*	*Total*
Assets				
Cash, gold and gemstones	316,391	76,034	78,234	470,659
Balance with the SBV	476,616	-	196,523	673,139
Cash, gold deposits at and loans to other credit institutions	12,411,331	1,794,772	171,512	14,377,615
Securities held for trading	-	-	-	-
Financial derivatives and other financial assets	2,688,700	-	-	2,688,700
Loans to customers	21,763,894	8,202	688,859	22,460,955
Investment securities	4,664,000	-	-	4,664,000
Capital contribution & long-term investments	-	2,618	-	2,618
Fixed assets and investment properties	2,671	-	3,335	6,006
Other assets	1,926,790	898,416	-	2,825,206
Total assets	**44,250,393**	**2,780,042**	**1,138,463**	**48,168,898**
Liabilities				
Deposits at and borrowing from other CIs	21,714,568	107,743	362,801	22,185,112
Customer deposits	18,856,642	3,178,156	432,086	22,466,884
Financial derivatives and other financial liabilities	2,753,737	12,864	(460,265)	2,306,336
Other liabilities	298,437	2,271	-	300,708
Total liabilities	**43,623,384**	**3,301,034**	**334,622**	**47,259,040**
On balance sheet currency position	**627,009**	**(520,992)**	**803,841**	**909,858**
Off balance sheet currency position	(695,944)	514,000	(526,200)	(708,144)
On and Off balance sheet currency position	**(68,935)**	**(6,992)**	**277,641**	**201,714**

5.2 MARKET RISKS *(cont.)*

5.2.3 Liquidity risk

The maturity of assets and liabilities represents time to maturity of the assets and liabilities from the date of the consolidated financial statements to the individual final payment as stipulated in the contract or in the issuance terms and conditions.

The following assumptions and conditions are applied in analyzing maturity period of the Bank's assets and liabilities:

- ► Balances with the State Bank of Vietnam are classified as demand deposit, which includes required reserves. The required balance of the compulsory reserve depends on the composition and maturity of customer deposits in the Bank.
- ► Time to maturity of investment securities is based on the maturity date of individual securities.
- ► Time to maturity of deposits and loans to other credit institutions and customers' loans are determined based on the contract's maturity date. Actual time to maturity may vary due to renewal of the loan contract.
- ► Time to maturity of capital contribution or purchase of shares is deemed to be more than five years as these investments do not have defined maturities.
- ► Deposits and borrowings from other credit institutions and customer deposits are identified based on the nature of these amounts or maturity specified in the contract. Transaction account shall be used to settle transactions upon the request of customers and is a demand deposit account. Time to maturity of loans and term deposits is determined based on contractual maturity dates. In reality, these contracts can be renewed and are effectively maintained for longer terms.
- ► Time to maturity of the fixed assets is determined based on the time remaining useful life of the asset.

Classification of assets and liabilities as at 30 June 2019 is as follows:

Unit: VND million

		Current					
	Overdue by	*Up to 1 month*	*From more than 1 - 3 months*	*From more than 3 - 12 months*	*From more than 1 - 5 years*	*Over 5 years*	*Total*
Assets							
Cash and gold	-	2,321,206	-	-	-	-	2,321,206
Balances with the SBV	-	3,426,842	-	-	-	-	3,426,842
Balances with and loans to other credit institutions - gross	196,000	44,795,569	3,176,299	2,574,404	2,105,260	-	52,847,532
Securities held for trading - gross	-	1,255,460	-	4,500	-	-	1,259,960
Financial derivatives and other financial assets	-	-	-	-	-	-	-
Loans to customers - gross	5,052,644	18,960,240	46,840,379	74,041,249	53,915,621	40,114,509	238,924,642
Investment securities – gross	80,000	3,434,661	1,080,346	6,004,252	46,143,956	28,444,233	85,187,448
Capital contribution & long-term investment – gross	-	111,581	-	-	921,482	-	1,033,063
Fixed asset, Investment properties	-	41,256	-	336	2,555,948	123,512	2,721,052
Other Assets – gross	12,040	6,826,041	536,988	10,804,556	311,774	-	18,491,399
Total Assets	**5,340,684**	**81,172,856**	**51,634,012**	**93,429,297**	**105,954,041**	**68,682,254**	**406,213,144**
Liabilities							
Amounts due to the Government and SBV	-	600,409	2,000,000	-	-	-	2,600,409
Deposits and borrowings from other credit institutions	-	45,733,107	11,266,023	9,540,025	2,260,467	44,500	68,844,122
Customer deposits	-	135,682,646	18,914,668	61,517,600	42,872,483	21,547	259,008,944
Financial derivatives and other financial assets	-	-	-	61,781	-	-	61,781
Loan granted from others borrowed and entrusted funds	-	-	1,316	7,170	225,335	69,060	302,881
Valuable papers issued	-	69,073	159,000	1,539,214	14,803,940	2,308,146	18,879,373
Other liabilities (*)	-	8,913,025	508,541	7,619,098	-	-	17,040,664
Total Liabilities	**-**	**190,998,260**	**32,849,548**	**80,284,888**	**60,162,225**	**2,443,253**	**366,738,174**
Net liquidity gap	**5,340,684**	**(109,825,404)**	**18,784,464**	**13,144,409**	**45,791,816**	**66,239,001**	**39,474,970**

(*): Risk provisions excluded.

4. Exchange rates of some currencies at the balance sheet date

	30/06/2019 *VND*	*31/12/2018* *VND*
USD	23,320.00	23,210.00
EUR	26,305.00	26,699.50
GBP	29,760.00	29,528.00
JPY	216.73	210.56
CHF	23,961.50	23,654.50
AUD	16,413.00	16,441.00
CAD	17,873.50	17,137.50
SGD	17,294.00	17,013.00
KHR	5.89	5.88
THB	708.74	706.75
SEK	2,608.71	2,629.07

Prepared by:	Reviewed by:	Approved by:
(signed)	*(signed)*	*(signed)*
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Hanoi, Vietnam
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