Vietnam Export Import Commercial

Joint Stock Bank

Consolidated Interim Financial Statements

for the six-month period ended

30 June 2019

Vietnam Export Import Commercial Joint Stock Bank
Corporate Information

Establishment and Operation Licence No.	11/NH-GP	6 April 1992
	The Establishment and Operation Licence was issued by the State Bank of Vietnam and is valid for 50 years from the licence date.	
Business Registration Certificate No.	0301179079	23 July 1992
	The Business Registration Certificate has been amended several times, the most recent of which is by Business Registration Certificate No. 0301179079 dated 19 April 2016. The Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Ho Chi Minh City.	
Board of Directors	Mr. Cao Xuan Ninh	Chairman (from 22 May 2019)
	Mr. Le Minh Quoc	Chairman (until 22 May 2019)
	Mr. Dang Anh Mai	Vice Chairman
	Mr. Yasuhiro Saitoh	Vice Chairman
	Mr. Le Minh Quoc	Independent member (from 22 May 2019)
	Mr. Nguyen Quang Thong	Member
	Mr. Hoang Tuan Khai	Member
	Mr. Ngo Thanh Tung	Member
	Mr. Cao Xuan Ninh	Member (until 22 May 2019)
	Mr. Le Van Quyet	Member
	Mr. Yutaka Moriwaki	Member
	Ms. Luong Thi Cam Tu	Member
Board of Supervisors	Mr. Tran Ngoc Dung	Chief Supervisor
	Mr. Trinh Bao Quoc	Member
	Mr. Dang Huu Tien	Member
	Ms. Pham Thi Mai Phuong	Member

Board of Management	Mr. Nguyen Canh Vinh	Acting Chief Executive Officer (from 22 May 2019)
	Mr. Le Van Quyet	Chief Executive Officer (until 5 April 2019)
	Mr. Nguyen Canh Vinh	Standing Executive Vice President (until 22 May 2019)
	Mr. Tran Tan Loc	Vice President
	Mr. Dao Hong Chau	Vice President
	Ms. Dinh Thi Thu Thao	Vice President
	Ms. Van Thai Bao Nhi	Vice President
	Mr. Nguyen Ho Hoang Vu	Vice President cum Chief Financial Officer
	Mr. Vo Quang Hien	Vice President (until 15 August 2019)
	Mr. Nguyen Huong Minh	Vice President

Registered Office	8th Floor, Office No. L8-01-11+16 Vincom Center No. 72 Le Thanh Ton Street, Ben Nghe Ward District 1, Ho Chi Minh City Vietnam
Auditor	KPMG Limited Vietnam

Vietnam Export Import Commercial Joint Stock Bank
Statement of the Board of Management

The Board of Management of Vietnam Export Import Commercial Joint Stock Bank ("the Bank") presents this statement and the accompanying consolidated interim financial statements of the Bank and its subsidiary (collectively referred to as "the Group") for the six-month period ended 30 June 2019.

The Board of Management is responsible for the preparation and fair presentation of the consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting. In the opinion of the Board of Management:

(a) the consolidated interim financial statements set out on pages 6 to 97 give a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated results of operations and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting; and

(b) at the date of this statement, there are no reasons for the Bank's Board of Management to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised the accompanying consolidated interim financial statements for issue.

On behalf of the Board of Management

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN XUẤT NHẬP KHẨU VIỆT NAM

Nguyen Canh Vinh
Acting Chief Executive Officer

Ho Chi Minh City, 28 August 2019

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District 1, Ho Chi Minh City, Vietnam
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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders
Vietnam Export Import Commercial Joint Stock Bank

We have reviewed the accompanying consolidated interim financial statements of Vietnam Export Import Commercial Joint Stock Bank ("the Bank") and its subsidiary (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 30 June 2019, the consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 28 August 2019, as set out on pages 6 to 97.

The Board of Management's Responsibility

The Bank's Board of Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410 – *Review of interim financial information performed by the independent auditor of the entity.*

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Export Import Commercial Joint Stock Bank and its subsidiary as at 30 June 2019 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting.

Emphasis of Matter

We draw attention to Note 3(h) and Note 8(i) which describe that the Bank has classified and made allowance for credit losses on loans to a group of customers with principal outstanding of VND746,000 million being secured by shares of another bank in accordance with Official Letter No. 942/NHNN-TTGSNH issued by the State Bank of Vietnam on 1 December 2016. This matter does not affect our review conclusion.

KPMG Limited's Branch in Ho Chi Minh City
Vietnam
Review Report No.: 19-01-00305-19-2

M.S.C.N: 0100112042-001-C.T.T.N.N
CHI NHÁNH
CÔNG TY TNHH
KPMG
THÀNH PHỐ HỒ CHÍ MINH

Auvarin Phor	Nguyen Thanh Nghi
Practicing Auditor Registration	Practicing Auditor Registration
Certificate No. 2252-2018-007-1	Certificate No. 0304-2018-007-1
Deputy General Director	

Ho Chi Minh City, 28 August 2019

Form B02a/TCTD-HN
(Issued under Circular No. 49/2014/TT-NHNN dated 31 December 2014 of the State Bank of Vietnam)

		Note	30/6/2019 VND million	31/12/2018 VND million
A	**ASSETS**			
I	**Cash on hand, gold**	**4**	**6,826,328**	**2,356,198**
II	**Balances with the State Bank of Vietnam**	**5**	**3,218,807**	**6,412,125**
III	**Deposits with and loans to other credit institutions**	**6**	**19,089,611**	**19,050,864**
1	Deposits with other credit institutions		19,089,577	18,750,212
2	Loans to other credit institutions		34	300,652
VI	**Loans and advances to customers**		**104,954,737**	**102,971,210**
1	Loans and advances to customers	8	105,974,371	104,042,577
3	Allowance for loans and advances to customers	9	(1,019,634)	(1,071,367)
VIII	**Investment securities**	**10**	**18,907,877**	**14,901,977**
1	Available-for-sale securities		11,659,930	10,410,322
2	Held-to-maturity securities		8,932,765	6,762,998
3	Allowance for investment securities		(1,684,818)	(2,271,343)
IX	**Capital contribution, long-term investments**	**11**	**-**	**13,720**
4	Other long-term investments		-	110,566
5	Allowance for diminution in the value of long-term investments		-	(96,846)
X	**Fixed assets**		**3,492,897**	**3,558,890**
1	Tangible fixed assets	12	835,083	870,161
a	*Cost*		*2,156,127*	*2,138,433*
b	*Accumulated depreciation*		*(1,321,044)*	*(1,268,272)*
3	Intangible fixed assets	13	2,657,814	2,688,729
a	*Cost*		*2,822,012*	*2,832,911*
b	*Accumulated amortisation*		*(164,198)*	*(144,182)*
XII	**Other assets**	**14**	**3,101,242**	**3,387,079**
1	Receivables		1,345,626	1,367,550
2	Accrued interest and fees receivable		1,080,625	1,188,031
4	Other assets		1,097,970	1,139,136
5	Allowance for losses on Other assets		(422,979)	(307,638)
	TOTAL ASSETS		**159,591,499**	**152,652,063**

		Note	30/6/2019 VND million	31/12/2018 VND million
B	**LIABILITIES AND EQUITY**			
	LIABILITIES			
I	**Borrowings from the State Bank of Vietnam**	**15**	**967,102**	**49,327**
II	**Deposits and borrowings from other credit institutions**	**16**	**10,260,414**	**16,011,064**
1	Deposits from other credit institutions		8,257,044	10,571,394
2	Borrowings from other credit institutions		2,003,370	5,439,670
III	**Deposits from customers**	**17**	**129,257,706**	**118,693,869**
IV	**Derivatives and other financial liabilities**	**7**	**14,288**	**59,258**
VII	**Other liabilities**	**18**	**3,588,598**	**2,955,011**
1	Accrued interest and fees payable		2,534,044	2,190,807
3	Other liabilities		1,054,554	675,414
4	Provision for other liabilities		-	88,790
	TOTAL LIABILITIES		**144,088,108**	**137,768,529**
	EQUITY			
VIII	**Owners' equity**	**20**	**15,503,391**	**14,883,534**
1	Capital		12,448,674	12,448,674
a	*Charter capital*		*12,355,229*	*12,355,229*
b	*Capital for construction, purchases of fixed assets*		*15,396*	*15,396*
c	*Share premium*		*156,322*	*156,322*
d	*Treasury shares*		*(78,273)*	*(78,273)*
2	Reserves		1,685,786	1,685,786
3	Foreign exchange differences		9,285	-
5	Retained profits		1,359,646	749,074
	TOTAL EQUITY		**15,503,391**	**14,883,534**
	TOTAL LIABILITIES AND EQUITY		**159,591,499**	**152,652,063**

		Note	30/6/2019 VND million	31/12/2018 VND million
	OFF-BALANCE SHEET ITEMS			
1	Credit guarantees	34	192	2
2	Foreign exchange commitments	34	115,378,562	94,070,917
	In which:			
	▪ *Commitments on purchase of foreign currencies*		*1,052,899*	*3,377,444*
	▪ *Commitments on sales of foreign currencies*		*3,570,978*	*345,075*
	▪ *Commitments on currency swap transactions*		*110,754,685*	*90,348,398*
4	Letters of credit commitments	34	3,132,763	3,588,324
5	Other guarantees	34	5,270,253	3,081,148
6	Other commitments	34	169,777	169,231

28 August 2019

Prepared by	Reviewed by	The Bank's Representative
Nguyen Minh Thanh	Truong Ho Thai Chau	Nguyen Canh Vinh
General Accountant	KT *Chief Accountant*	*Acting Chief Executive Officer*

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN XUẤT NHẬP KHẨU VIỆT NAM

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

		Note	Six-month period ended 30/6/2019 VND million	30/6/2018 VND million
1	Interest and similar income	21	5,415,645	4,715,683
2	Interest and similar expenses	21	(3,752,059)	(3,211,574)
I	**Net interest income**	**21**	**1,663,586**	**1,504,109**
3	Fees and commission income	22	332,839	307,087
4	Fees and commission expenses	22	(174,344)	(149,503)
II	**Net fees and commission income**	**22**	**158,495**	**157,584**
III	**Net gain from trading of foreign currencies**	**23**	**154,841**	**125,237**
V	**Net gain/(loss) from sales of investment securities**	**24**	**67,739**	**(14,165)**
5	Other income	25	304,296	95,055
6	Other expenses	25	(214,579)	(23,441)
VI	**Net other income**	**25**	**89,717**	**71,614**
VII	**Gain from capital contribution, share purchase**	**26**	**4,182**	**521,444**
VIII	**Operating expenses**	**27**	**(1,419,326)**	**(1,272,954)**
IX	**Operating profit before allowance expenses for credit losses**		**719,234**	**1,092,869**
X	**Reversal of allowance/(allowance expenses) for credit losses**	**28**	**43,303**	**(171,206)**
XI	**Profit before tax (carried forward to the next page)**		**762,537**	**921,663**

		Note	Six-month period ended 30/6/2019 VND million	30/6/2018 VND million
XI	**Profit before tax (brought forward from the previous page)**		**762,537**	**921,663**
7	Corporate income tax expense – current	29	(151,965)	(184,302)
XII	**Total corporate income tax expense**	**29**	**(151,965)**	**(184,302)**
XIII	**Profit after tax**		**610,572**	**737,361**
XV	**Basic earnings per share (VND/share)**	**30**	**497**	**600**

28 August 2019

Prepared by	Reviewed by	The Bank's Representative
Nguyen Minh Thanh	Truong Ho Thai Chau	Nguyen Canh Vinh
General Accountant	*Chief Accountant*	*Acting Chief Executive Officer*

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN XUẤT NHẬP KHẨU VIỆT NAM
S.Đ.K.K.D: 0301179079 - C.T.C.P. - QUẬN 1 TP. HỒ CHÍ MINH

		Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
	CASH FLOWS FROM OPERATING ACTIVITIES		
01	Interest and similar income received	5,510,691	4,788,393
02	Interest and similar expenses paid	(3,408,822)	(3,176,235)
03	Net fees and commission income received	158,495	157,584
04	Net receipts from foreign currencies, gold and securities trading activities	169,340	157,219
05	(Other expenses)/other income	(1,073)	9,610
06	Collection of bad debts previously written-off	41,570	59,457
07	Salaries and operating expenses paid	(1,315,516)	(1,207,938)
08	Corporate income tax paid	(11,807)	(227,197)
	Cash flows from operating activities before changes in operating assets and liabilities	**1,142,878**	**560,893**
	Changes in operating assets		
10	(Increase)/decrease in investment securities excluding special bonds issued by VAMC	(2,647,691)	1,925,147
11	Increase in derivatives and other financial assets	-	(40,623)
12	(Increase)/decrease in loans and advances to customers and special bonds issued by VAMC	(1,159,112)	700,596
13	Utilisation of allowances for credit losses	(629,276)	(3,188)
14	(Increase)/decrease in other operating assets	(183,078)	90,278
	Changes in operating liabilities		
15	Increase/(decrease) in borrowings from the State Bank of Vietnam	917,775	(2,675)
16	(Decrease)/increase in deposits and borrowings from other credit institutions	(5,750,650)	2,924,259
17	Increase/(decrease) in deposits from customers	10,563,837	(3,317,011)
18	Decrease in valuable papers issued	-	(3,000,000)
20	Decrease in derivatives and other financial liabilities	(44,970)	-
21	Increase/(decrease) in other operating liabilities	317,848	(41,796)
22	Utilisations of reserves	-	(6)
I	**NET CASH FLOWS FROM OPERATING ACTIVITIES**	**2,527,561**	**(204,126)**

		Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
	CASH FLOWS FROM INVESTING ACTIVITIES		
01	Payments for purchases of fixed assets	(41,698)	(97,803)
02	Proceeds from disposals of fixed assets	259,314	23,247
08	Proceeds from investments in other entities	-	1,736,285
09	Receipts of dividends and profit distributions from investments, capital contribution	4,182	245
II	**NET CASH FLOWS FROM INVESTING ACTIVITIES**	**221,798**	**1,661,974**
	CASH FLOWS FROM FINANCING ACTIVITIES		
04	Dividends paid	-	(10)
III	**NET CASH FLOWS FROM FINANCING ACTIVITIES**	**-**	**(10)**
IV	**NET CASH FLOWS DURING THE PERIOD**	**2,749,359**	**1,457,838**
V	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD**	**27,819,187**	**22,805,091**
VII	**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 31)**	**30,568,546**	**24,262,929**

28 August 2019

Prepared by	Reviewed by	The Bank's Representative
Nguyen Minh Thanh	Truong Ho Thai Chau	Nguyen Canh Vinh
General Accountant	*Chief Accountant*	*Acting Chief Executive Officer*

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN XUẤT NHẬP KHẨU VIỆT NAM

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

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

1. Reporting entity

(a) Establishment and principal activities

Vietnam Export Import Commercial Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam.

The Bank was established under Establishment and Operation Licence No. 11/NH-GP issued by the State Bank of Vietnam ("SBV") on 6 April 1992 and Business Registration Certificate No. 0301179079 issued by the Department of Planning and Investment of Ho Chi Minh City on 23 July 1992. The Establishment and Operation Licence is valid for 50 years from the licence date.

The Bank's principal activities include mobilising and receiving short, medium and long-term deposits from various organisations and individuals; providing short, medium and long-term loans to various organisations and individuals based on the Bank's nature of business and capacity of capital resources; conducting foreign exchange transactions; providing international trade finance services; discounting commercial papers, bonds and other valuable papers; providing settlement services and other banking services as allowed by the State Bank of Vietnam.

The consolidated interim financial statements for the six-month period ended 30 June 2019 comprise the financial statements of the Bank and its subsidiary (collectively referred to as "the Group").

(b) Charter capital

As at 30 June 2019 and 31 December 2018, the Bank's charter capital was VND12,355,229 million Vietnam Dong ("VND"). The Bank had 1,235,522,904 ordinary shares in issuance, with a par value of VND10,000 per share. The Bank's shares are listed on the Ho Chi Minh City Stock Exchange.

(c) Location and operation network

The Bank's Head Office is located at the 8th Floor, Office No. L8-01-11+16 Vincom Center, No. 72 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam. As at 30 June 2019 and 31 December 2018, the Bank had one (1) Head office, forty four (44) branches, one hundred and sixty three (163) transaction offices and one (1) representative office in Hanoi.

(d) Group structure

As at 30 June 2019, the Bank had one subsidiary as follows:

Entity name	Operation Licence	Nature of business	Percentage of equity owned and voting rights 30/6/2019	31/12/2018
Eximbank Asset Management Company	No. 031028097 dated 24 August 2010	Asset management	100%	100%

The subsidiary was incorporated in Vietnam.

(e) Number of employees

As at 30 June 2019, the Group has 6,174 employees (31/12/2018: 6,136 employees).

2. Basis of preparation

(a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. These accounting standards and statutory requirements may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards in other countries. Accordingly, the accompanying consolidated interim financial statements are not intended to present the consolidated financial position, the consolidated results of operations and consolidated cash flows of the Group in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, the use of these consolidated interim financial statements is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices applicable to credit institutions.

(b) Basis of measurement

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

(c) Annual accounting period

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

The consolidated interim financial statements are prepared for the six-month period ended 30 June 2019.

(d) Accounting and presentation currency

The Group's accounting currency is VND, which is also the currency used for financial statement presentation purpose, rounded to the nearest million ("VND million").

(e) Form of accounting records applied

The Group uses accounting software to record its transactions.

3. Summary of significant accounting policies

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

The accounting policies that have been adopted by the Group in the preparation of these consolidated interim financial statements are consistent with those adopted in the preparation of the latest consolidated annual financial statements.

(a) Basis of consolidation

(i) Subsidiary

Subsidiary is entity controlled by the Group. The financial statements of the subsidiary are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

Where the accounting policies of the subsidiary are different from those adopted by the Bank, adjustments have been made where necessary to ensure the consistency of accounting policies adopted for consolidated interim financial statements.

(ii) Transactions eliminated on consolidation

Intra-group transactions and balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated interim financial statements.

(b) Foreign currency transactions

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

Income and expenses in foreign currencies are translated into VND at the average of the buying and selling exchange rates at the time of occurrence of transactions.

Foreign exchange differences arising from monthly translation of monetary assets and liabilities are recognised in the "Foreign exchange differences" account in equity and transferred to the consolidated statement of income at the end of the annual accounting period.

(c) Cash and cash equivalents

For cash flows presentation purpose, cash and cash equivalents include cash on hand, gold, balances with the State Bank of Vietnam, deposits with and loans to other credit institutions with original term to maturity of not exceeding three months and securities with original term to maturity within three months from the purchase dates.

(d) Deposits with and loans to other credit institutions

Deposits with other credit institutions (excluding demand deposits) include deposits with other credit institutions with original term to maturity of not exceeding 3 months.

Loans to other credit institutions include loans with original term to maturity of not exceeding 12 months.

Deposits with other credit institutions (excluding demand deposits) and loans to other credit institutions are stated at the amount of outstanding principal less specific allowance for credit losses.

Credit risk classification of deposits with and loans to other credit institutions and allowance thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 ("Circular 02") issued by the SBV and Circular No. 09/2014/TT-NHNN dated 18 March 2014 ("Circular 09") issued by the SBV amending and supplementing certain articles of Circular 02. Accordingly, the Group made specific allowance for credit losses on deposits with and loans to other credit institutions in accordance with the accounting policy as described in Note 3(h).

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

(e) Derivative financial instruments

Currency forward contracts and currency swap contracts

Currency forward contracts and currency swap contracts are recorded at the net contract value in the consolidated financial statements. Differences between the currency amounts which are committed to buy/sell at contractual exchange rate and the currency amounts translated at the spot exchange rate at the effective date of the currency forward contracts and currency swap contracts are amortised to the consolidated statement of income on a straight-line basis over the terms of these contracts.

The positions of currency forward contracts are revalued at the spot exchange rate at each month-end. Unrealised gains/losses are recorded in the "Foreign exchange differences" account in equity at each month-end and transferred to the consolidated statement of income at the end of the annual accounting period.

(f) Reverse repo contracts

Securities purchased and committed to resell at a certain time in the future are not recognised in the consolidated interim financial statements. Payments under this agreement are recognised as loans to customers on the consolidated balance sheet and differences between the purchase price and the reselling price are amortised on a straight-line basis to the consolidated statement of income during the term of the contract.

(g) Loans to customers

Loans to customers are stated at the amount of principal less allowance for credit losses. Allowance for credit losses on loans to customers comprises specific allowance and general allowance.

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

Loans to customers are derecognised when the contractual rights to receive cash flows from the loans expire, or when the Group transfers substantially all risks and rewards of ownership associated with the loans to other parties.

Loans sold to Vietnam Asset Management Company ("VAMC") are derecognised from the consolidated balance sheet in accordance with the guidance in Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 ("Official Letter 8499") issued by the SBV and Official Letter No. 925/NHNN-TCKT dated 19 February 2014 ("Official Letter 925") issued by the SBV.

Debt classification and allowance for credit losses for loans to customers are made in accordance with Circular 02 and Circular 09 as described in Note 3(h).

(h) Debt classification, level and method of making allowance for credit losses

(i) Debt classification

Except for special cases as described in Note 8(i), representing loans to a group of customers secured by shares of another bank, which were classified in Group 3 in accordance with Official Letter No. 942/NHNN-TTGSNH issued by the SBV dated 1 December 2016, debt classification for deposits with and loans to other credit institutions (except for demand deposits), unlisted corporate bonds, loans to customers (together referred to as "debts") and debts sold but awaiting settlement is made in accordance with the quantitative method as stipulated in Article 10 of Circular 02.

(ii) Specific allowance for credit losses

In accordance with the requirements of Circular 02 and Circular 09, specific allowance for credit losses is calculated based on the allowance rates corresponding with the debt classification and the outstanding principals of debts at the last working date of each quarter (except for Quarter 4, specific allowance is calculated based on the allowance rates corresponding with the debt classification and the outstanding principals of debts at the last working day of November) less the allowed value of collaterals. As at 30 June 2019, the Group made specific allowance based on the allowance rate corresponding with the debt classification of the outstanding principals of debts as at 20 June 2019 (31 December 2018: based on the allowance rate corresponding with the debt classification of the outstanding principals of debts as at 30 November 2018).

As at 30 June 2019, if the Group made allowance for the loans disclosed in Note 8(i) in accordance with Circular 02 and Circular 09, allowance expenses for credit losses for the six-month period ended 30 June 2019 would have increased by VND129,620 million (for the six-month period ended 30 June 2018: VND93,440 million) and profit after tax of the Group for the six-month period ended 30 June 2019 would have decreased by VND103,696 million (for the six-month period ended 30 June 2018: VND74,752 million).

Specific allowance rates applied to each group of debts are as follows:

Group		Overdue status	Allowance rate
1	Current debts	(a) Current debts being assessed as fully and timely recoverable, both principal and interest; or (b) Debts being overdue for less than 10 days and being assessed as fully recoverable, both overdue principal and interest, and fully and timely recoverable, both remaining principal and interest.	0%
2	Special mention ed debts	(a) Debts being overdue between 10 days and 90 days; or (b) Debts having rescheduled terms of repayment for the first time.	5%
3	Sub-standard debts	(a) Debts being overdue between 91 days and 180 days; or (b) Debts having extended terms of repayment for the first time; or (c) Debts having exempt or reduced interest because customers are not able to pay the interest according to the credit contract; or (d) Debts falling within one of the following cases not yet collected within 30 days since the issuance date of recovery decision: ▪ Debts having violated regulations specified in Points 1, 3, 4, 5, 6 of Article 126 of Laws on Credit Institutions; or ▪ Debts having violated regulations specified in Points 1, 2, 3, 4 of Article 127 of Laws on Credit Institutions; or ▪ Debts having violated regulations specified in Points 1, 2, 5 of Article 128 of Laws on Credit Institutions. (e) Debts in the collection process under inspection conclusions.	20%

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

For off-balance sheet commitments, the Group classifies debts based on the number of overdue days from the date that the Group performs committed obligations:

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

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

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

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

According to Official Letter No. 5482/NHNN-TTGSNH dated 30 July 2014 issued by the SBV providing implementation guidance of Circular 02 and Circular 09, the Group is not required to use the debt groups provided by the CIC for classifying debts with rescheduled repayment terms as stipulated in Circular 02 if they are not overdue according to the rescheduled payment terms.

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

- Assets with value of VND50 billion and above which are secured over debts to related parties or other parties under Article 127 of Law on Credit Institutions and collateral assets with value of VND200 billion and above must be valued by a licensed asset valuation organisation; and

- Other than the above, collateral assets are valued in accordance with the Group's internal policies and processes.

Maximum allowed ratio of collateral assets are determined as follows:

Type of collateral assets	**Maximum allowed ratio**
(a) Customers deposits in VND	100%
(b) Gold billets, except for the types of gold specified in item (i) below; customers deposits in foreign currencies	95%
(c) Government bonds, negotiable instruments, valuable papers issued by credit institutions, savings deposit certificates, certificates of deposit, bills and notes issued by other credit institution or foreign bank branches:	
▪ With a remaining term of below 1 year	95%
▪ With a remaining term of between 1 year to 5 years	85%
▪ With a remaining term of over 5 years	80%
(d) Securities issued by other credit institutions and listed on a stock exchange	70%
(e) Securities issued by other enterprises and listed on a stock exchange	65%
(f) Unlisted securities and valuable papers, except for securities listed in (c), issued by other credit institutions registered for listing on a stock exchange;	50%
Unlisted securities and valuable papers, except for securities listed in (c), issued by other credit institutions not registered for listing on a stock exchange	30%
(g) Unlisted securities and valuable papers issued by enterprises registered for listing on a stock exchange;	30%
Unlisted securities and valuable papers issued by enterprises not registered for listing on a stock exchange	10%
(h) Real estates	50%
(i) Gold billets without quoted price, other types of gold and other collateral assets	30%

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

(iii) General allowance for credit losses

In accordance with Circular 02, a general allowance for credit losses is made at 0.75% of the outstanding principals of debts at the last working date of each quarter (except for Quarter 4, a general allowance is made at 0.75% of the outstanding principals of debts at the last working date of November), excluding deposits with and loans to other credit institutions and debts being classified as Loss debts. As at 30 June 2019, the Group made general allowance of 0.75% for credit losses on the above balances as at 31 March 2019 (31 December 2018: a general allowance was provided at 0.75% of the above balances as at 30 November 2018).

(iv) Writing-off bad debts

In accordance with Circular 02 and Circular 09, debts are written-off against allowance when they have been classified to Group 5 or when borrowers have declared bankrupt or dissolved (for borrowers being organisations and enterprises) or when borrowers are deceased or missing (for borrowers being individuals).

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

(v) Provision for off-balance sheet commitments

In accordance with Circular 02 and Circular 09, debt classification of off-balance sheet commitments is done solely for risk management, credit quality supervision of credit granting activities. The Group is not required to make provision for off-balance sheet commitments, except where the Group has been required to made payment under the guarantee contract, in which case the payment on behalf is classified and allowance for credit losses is made in accordance with the accounting policy as described in Note 3(h).

(i) Investment securities

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

(i) Available-for-sale securities

Classification

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

Recognition

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

Measurement

Unlisted available-for-sale corporate bonds are stated at cost less allowance for credit losses. Credit risk classification and allowance for credit losses on unlisted corporate bonds are made in accordance with the requirements of Circular 02 and Circular 09 as described in Note 3(h).

Other available-for-sale securities are stated at cost, which includes purchase price plus any directly attributable transaction costs such as brokerage fees, transaction fees, information fees and bank charges (if any). Subsequently, these securities are recognised at the lower of book value and market value and allowance for diminution in the value of securities if any is recognised in the consolidated statement of income.

For listed available-for-sale securities, the market price is the closing price of securities quoted by the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange at the end of the accounting period.

For unlisted available-for-sale equity securities that have been registered for trading on the Unlisted Public Company Market ("UPCOM"), the market price is the closing price at the end of the accounting period.

For unlisted available-for-sale equity securities that have been registered for trading on the over the counter ("OTC") market, the market price is the average of transaction prices at the end of the accounting period quoted by three securities companies of which charter capital is above VND300 billion.

Other securities whose market prices cannot be determined reliably are stated at cost.

Premiums and discounts arising from purchases of available-for-sale debt securities are amortised to the consolidated statement of income using the straight line method over the period from the acquisition date to the maturity date, in cases such available-for-sale securities are sold before their maturity dates, the unamortised premiums and discounts are fully recognised in the consolidated statement of income at the transaction date.

Post-acquisition interest income of available-for-sale debt securities is recognised in the consolidated statement of income on an accrual basis. Interest income from available-for-sale debt securities which is attributable to the period before acquisition date is deducted from the carrying amount of available-for-sale debt securities.

The allowance for credit losses of unlisted available-for-sale corporate bonds and allowance for diminution in the value of other available-for-sale securities as mentioned above are reversed if their recoverable amount increases after the allowance is recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Derecognition

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

(ii) Held-to-maturity securities

Classification

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

Recognition

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

Measurement

Held-to-maturity unlisted corporate bonds are stated at cost less allowance for credit losses. Debt classification and allowance for credit losses on unlisted corporate bonds are made in accordance with the requirements of Circular 02 and Circular 09 as described in Note 3(h).

Other held-to-maturity securities are stated at cost less allowance for diminution in value. Allowance for diminution in value is made when there is an indicator of long-term decline or strong evidence that the Group might not be able to fully recover the amount and the Group does not make allowance for diminution in value for short-term changes in prices.

Premiums and discounts arising from purchases of held-to-maturity securities are amortised to the consolidated statement of income using the straight line method over the period from the acquisition date to the maturity date.

Post-acquisition interest income from held-to-maturity securities is recognised in the consolidated statement of income on an accrual basis. Interest income from held-to-maturity securities which is attributable to the period before acquisition date is deducted from the carrying amount of held-to-maturity securities.

Allowance for credit losses of held-to-maturity unlisted corporate bonds and allowance for diminution in the value of other held-to-maturity securities are reversed if the recoverable amount increases after the allowance is recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Derecognition

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

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

Classification

Special bonds issued by VAMC are valuable papers issued by VAMC in exchange for bad debts acquired from the Group and are classified as held-to-maturity investment securities.

Recognition

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

Measurement

In exchange for each bad debt sold to VAMC, the Group receives a corresponding special bond issued by VAMC. Par value of the special bond is equal to the principal of bad debt sold after deducting specific allowance which was made but not yet utilised.

After the bad debts were sold, the Group writes down their book value and derecognises interest receivables from off-balance sheet account. At the same time, the Group recognises special bonds issued by VAMC as held-to-maturity securities issued by local economic entities.

For special bonds issued by VAMC, specific allowance is calculated and provided in accordance with the guidance of Circular No. 19/2013/TT-NHNN dated 6 September 2013 ("Circular 19") issued by the SBV regulating the purchase, sale and handling of bad debts of VAMC and Circular No. 14/2015/TT-NHNN dated 28 August 2015 ("Circular 14"), Circular No. 08/2016/TT-NHNN dated 16 June 2016 ("Circular 08") and Circular No. 09/2017/TT-NHNN dated 14 August 2017 issued by the SBV amending and supplementing certain articles of Circular 19. Accordingly, the minimum specific allowance required to make annually during the term of the special bonds is the positive difference between 20% of the par value of special bonds of five years term and recovery from the underlying debts. For special bonds of which terms have been extended from five years to ten years in accordance with relevant regulations issued by the State authorities, the Group makes allowance for positive differences between 10% of the par value of such special bonds and recovery from the underlying debts. Annually, within 5 consecutive working days before due date of the special bonds, the Group is required to make adequate specific allowance as mentioned above. Allowance for special bonds is recognised in the consolidated statement of income.

In accordance with Clause 15, Article 1, Circular 08, annually, the Group reviews the excess between the Bank's actual pre-tax results and the budgeted pre-tax results as reported to the SBV in the application documents to extend the term of special bonds issued by VAMC from 5 years to 10 years ("extended VAMC special bonds"). If the Bank's actual pre-tax results is greater than the budgeted pre-tax results reported to the SBV, the Bank will use the excess to make additional allowance for extended VAMC special bonds within that year such that the allowance for special bonds after additional allowance being made is equal to the amount of allowance for special bonds if being calculated according to the original terms.

The Group is not required to make general allowance for these special bonds.

(j) Other long-term investments

Other long-term investments are investments in equity instruments of entities where the Group has no control or significant influence. These long-term investments are initially recognised at cost. Subsequent to the initial recognition, they are measured at cost less allowance for diminution in value.

Allowance for diminution in value of long-term investments in economic entities is made if the investees suffer losses, except when the loss was anticipated in the initial business plan of the investee before the investment was made. In accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 ("Circular 228") and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance, the allowance for diminution in value of long term investments is equal to the difference between the total capital contributed by all investors and the owner's equity of the investee multiplied (x) by the Group's percentage of equity interest in the investee. The allowance is reversed if there is a subsequent increase in the recoverable amount after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(k) Other assets

(i) Foreclosed assets of which ownership being transferred and awaiting settlement

Foreclosed assets of which ownership being transferred and awaiting settlement are foreclosed assets of which the ownership was transferred to the Group. Foreclosed assets of which ownership has not been transferred to the Group, are recorded them as off-balance sheet items.

(ii) Construction in progress

Construction in progress represents the costs of construction which have not been fully completed. No depreciation is provided for construction in progress during the period of construction.

(iii) Other assets

Other assets, except for receivables from credit activities, are stated at cost less allowance for losses on Other assets.

Allowance for losses on Other assets are made based on the overdue status of receivables or expected losses on undue debts which may occur when an economic organisation is bankrupted or liquidated; or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased. The allowance expenses are recorded as operating expenses during the period.

For Other assets which are overdue, the Group makes allowance for losses based on the overdue status in accordance with Circular 228 as follows:

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

Allowance for losses on Other assets provided for expected losses of undue debts is determined by the Group after giving consideration to the recovery of these debts.

(l) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs, maintenance and overhaul costs, is charged to consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of items of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	25 - 50 years
▪ machinery and equipment	5 - 10 years
▪ office equipment	3 - 10 years
▪ motor vehicles	3 - 10 years
▪ other fixed assets	5 - 10 years

(m) Intangible fixed assets

(i) Land use rights

Land use rights comprise freehold land use rights acquired in a legitimate transfer. Freehold land use rights are stated at cost and are not amortised. Initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis over a period ranging from 5 to 10 years.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(o) Deposits and borrowings from other credit institutions

Deposits and borrowings from other credit institutions are stated at cost.

(p) Deposits from customers

Deposits from customers are stated at cost.

(q) Valuable papers issued

Valuable papers issued are stated at cost. Cost of valuable papers issued comprises proceeds from issuance deducting issuance costs.

(r) Other payables

Other payables are stated at cost.

(s) Severance allowance and unemployment insurance

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

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

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

(t) Capital

(i) Charter capital

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Share premium

On receipt of proceeds from share issuance from shareholders, the difference between the issue price and the par value of the shares is recorded in share premium account in equity.

(iii) Treasury shares

When the Bank repurchases its ordinary shares ("treasury shares"), the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. These shares are classified as treasury shares and presented as a deduction from equity.

When the treasury shares are reissued subsequently, the amount received is recognised as an increase in equity, and the difference between the re-issued price and carrying amount of shares re-issued is recorded in share premium account in equity.

(u) Reserves

(i) Statutory reserves

The Bank

According to Decree No. 93/2017/ND-CP promulgating financial regimes for credit institutions ("Decree 93"), the Bank is required to make the following statutory reserves before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	100% charter capital
Financial reserve	10% of profit after tax	Not specified

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

Eximbank Asset Management Company – the subsidiary

According to Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance, the appropriations of statutory reserves by the subsidiary are made in accordance with the requirements applicable to the Bank as described above.

(ii) Bonus and welfare fund

Bonus and welfare fund is not required by laws and is fully distributable, and is used primarily to make payments to the Group's employees. Bonus and welfare fund is appropriated from profit after tax based on the shareholders' decision at the Annual General Meeting and is recognised as the Group's liabilities. The appropriation rate is decided by the shareholders of the Bank at the Annual General Meeting.

(iii) Other reserves

Other reserves comprise investment and development fund and other reserves appropriated from the Group's profit after tax in accordance with the shareholders' resolution. These reserves are not required by laws, fully distributable and classified as part of equity.

(v) Off-balance sheet items

Commitments and contingent liabilities

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

(w) Interest income

Interest income is recognised in the consolidated statement of income on the accrual basis, except for interest income from debts classified in Group 2 to Group 5 as described in Note 3(h) and debts classified as Current debts as a result of implementation of special rulings of the State authorities being recognised upon receipt. When debts classified in Group 2 to Group 5 as described in Note 3(h) or classified as Current debt as a result of implementation of special rulings of the State authorities, the accrued interest receivable is derecognised from the consolidated balance sheet and recognised in the off-balance sheet. Interest income from these debts is recognised in the consolidated statement of income upon receipt.

(x) Interest expense

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

(y) Fees and commission income

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

(z) Fees and commission expenses

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

(aa) Dividend income

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

Share dividend and bonus shares received are not recognised as income and only the increase in number of shares is reflected. Dividends which are attributable to the period before acquisition date are deducted from the carrying amount of investments.

(bb) Revenue from sales of assets

Revenue from sales of assets is recognised in the consolidated statement of income when the significant risks and rewards associated with ownership of these assets have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of assets.

(cc) Operating lease payments

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

(dd) Taxation

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

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the end of the accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ee) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Bank (after deducting the appropriation to bonus and welfare fund for the accounting period) by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

(ff) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

(gg) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments and the secondary format is based on business segments.

(hh) Classification of financial instruments

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

(i) Financial assets

Financial assets at fair value through profit or loss

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

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

Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Held-to-maturity investments

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

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Financial liabilities carried at amortised cost

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

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

(ii) Nil balances

Items or balances required by Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV that are not shown in these consolidated financial statements indicate nil balances.

4. Cash on hand, gold

	30/6/2019 VND million	31/12/2018 VND million
Cash in VND	1,126,102	1,029,108
Cash in foreign currencies	4,749,541	1,174,398
Cash in transit	543,312	-
Gold	407,373	152,692
	6,826,328	2,356,198

5. Balances with the State Bank of Vietnam

Balances with the State Bank of Vietnam comprise compulsory reserve for liquidity and current account at the SBV.

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

Deposits in scope	**CRR rates**	
	30/6/2019	**31/12/2018**
Preceding month's average deposit balances of:		
Customers:		
▪ Deposits in foreign currencies with term of less than 12 months	8%	8%
▪ Deposits in foreign currencies with term of 12 months and above	6%	6%
▪ Deposits in VND with term of less than 12 months	3%	3%
▪ Deposits in VND with term of 12 months and above	1%	1%
Overseas credit institutions:		
▪ Deposits in foreign currencies	1%	1%

	30/6/2019 VND million	31/12/2018 VND million
Current account and compulsory reserve		
▪ In VND	2,769,676	5,898,408
▪ In USD	449,131	513,717
	3,218,807	6,412,125

6. Deposits with and loans to other credit institutions

	30/6/2019 VND million	31/12/2018 VND million
Deposits with other credit institutions		
Demand deposits		
▪ In VND	104,748	306,943
▪ In foreign currencies	7,341,691	2,877,837
Term deposits		
▪ In VND	9,814,480	10,930,239
▪ In foreign currencies	1,828,658	4,635,193
	19,089,577	18,750,212
Loans to other credit institutions		
▪ In VND	34	300,652
In which: reverse repo contracts	-	*100,585*
	19,089,611	19,050,864

Term deposits and loans to other credit institutions categorised by debt group were as follows:

	30/6/2019 VND million	31/12/2018 VND million
Group 1 - Current debts	11,643,172	15,866,084

7. Derivatives and other financial assets

As at 30 June 2019	Total contract value (at foreign exchange rate at the contract date)	Total carrying value (at foreign exchange rate at 30 June 2019)	
		Assets	Liabilities
	VND million	VND million	VND million
Currency derivatives			
▪ Currency forward contracts	25,223,591	23,537	-
▪ Currency swap contracts	52,498,674	-	(37,825)
	77,722,265	23,537	(37,825)

As at 31 December 2018	Total contract value (at foreign exchange rate at the contract date)	Total carrying value (at foreign exchange rate at 31 December 2018)	
		Assets	Liabilities
	VND million	VND million	VND million
Currency derivatives			
▪ Currency forward contracts	12,096,741	22,829	-
▪ Currency swap contracts	45,333,233	-	(82,087)
	57,429,974	22,829	(82,087)

The carrying amount of derivative financial instruments is presented on a net basis on the Group's consolidated balance sheets as at 30 June 2019 and 31 December 2018.

8. Loans to customers

	30/6/2019 VND million	31/12/2018 VND million
Loans to domestic economic entities and individuals	105,595,502	103,723,796
Discounted negotiable instruments and valuable papers	378,869	318,781
	105,974,371	104,042,577

Loan portfolio by debt group is as follows:

	30/6/2019 VND million	31/12/2018 VND million
Group 1 - Current debts	103,480,949	101,494,865
Group 2 - Special mentioned debts	618,364	626,702
Group 3 - Sub-standard debts (i)	870,814	848,445
Group 4 - Doubtful debts	129,213	118,178
Group 5 - Loss debts	875,031	954,387
	105,974,371	104,042,577

(i) Included in the balance of Group 3 – Sub-standard debts as at 30 June 2019 was VND746,000 million (31/12/2018: VND746,000 million) outstanding principal of loans to seven (07) customers which are secured by shares of another bank and associated allowance amounting to VND21,263 million (31/12/2018: VND21,787 million) which were restructured and classified in accordance with the guidance of Official Letter No. 942/NHNN-TTGSNH issued by the SBV dated 1 December 2016 until the SBV approves the post-merger restructuring plan of the aforementioned bank ("Post-merger restructuring plan") and handling of related debts. On 22 May 2017, the SBV approved the Post-merger restructuring plan as mentioned above. At the issuance date of these consolidated interim financial statements, the Group has not received any further guidance from the SBV on debt classification and the level and method of making allowances for losses on these loans.

In 2016, the Group sued all seven (07) customers for recovery of debts. At the issuance date of these consolidated interim financial statements, the Court issued the first verdict for the case related to three (03) of the seven customers with outstanding loan principal of VND312,000 million. Accordingly, the three customers must repay VND437,940 million representing loan principals and interest to the Group as soon as the first verdict takes effect. In case these customers are unable to repay these amounts when due, the Group has the right to request the enforcement agency to enforce the sales of related collaterals for recovery of debts. These customers has filed appeals to the Court on the amount of interest payables from these loans. For the case related to four (04) customers of the seven (07) customers with outstanding loan principals of VND434,000 million, the Group is waiting for the Court to resolve in accordance with the prevailing laws.

As at 30 June 2019, if the Group made allowance for the above loans in accordance with Circular 02 and Circular 09, allowance expenses for credit losses for the six-month period ended 30 June 2019 would have increased by VND129,620 million (for the six-month period ended 30 June 2018: VND93,440 million) and profit after tax of the Group for the six-month period ended 30 June 2019 would have decreased by VND103,696 million (for the six-month period ended 30 June 2018: VND74,752 million).

Loan portfolio by term is as follows:

	30/6/2019 VND million	31/12/2018 VND million
Short-term loans	45,503,177	45,507,726
Medium-term loans	8,463,811	9,070,565
Long-term loans	52,007,383	49,464,286
	105,974,371	104,042,577

Loan portfolio by industry is as follows:

	30/6/2019 VND million	31/12/2018 VND million
Individuals and community services	44,672,946	43,278,061
Trading	23,410,474	23,201,062
Manufacturing and processing	13,932,375	12,851,828
Construction	4,777,753	4,547,471
Electricity, gas and water producing and distribution	4,371,888	3,560,262
Asset trading activities and consultancy services	3,741,374	4,728,136
Agriculture, forestry and aquaculture	3,051,186	3,098,023
Transportation, warehousing and communication	3,000,886	3,377,228
Restaurants and hotels	1,778,392	1,686,072
Financial services	1,135,099	1,041,756
International organisations and parties	721,707	1,293,868
Mining exploration	619,650	438,856
Education and training	261,748	453,267
Science and technology	242,437	224,515
Healthcare and social relief activities	194,667	192,739
Sport and cultural activities	61,789	69,433
	105,974,371	104,042,577

Loan portfolio by type of borrower and type of business is as follows:

	30/6/2019 VND million	31/12/2018 VND million
Individuals	57,343,758	56,443,615
Limited liability companies	31,304,792	28,666,430
Joint stock companies	9,336,282	10,118,534
State-owned enterprises	6,586,703	7,135,782
100% foreign owned companies	830,981	519,344
Private companies	180,877	805,431
Co-operatives	122,741	131,228
Others	268,237	222,213
	105,974,371	104,042,577

9. Allowance for loans and advances to customers

Allowance for loans and advances to customers comprises:

	30/6/2019 VND million	31/12/2018 VND million
General allowance (i)	751,370	764,325
Specific allowance (ii)	268,264	307,042
	1,019,634	1,071,367

(i) Movements in general allowance for credit losses on loans and advances to customers during the period were as follows:

	Six-month period ended	
	30/6/2019 VND million	30/6/2018 VND million
Opening balance	764,325	749,877
Allowance reversed during the period (Note 28)	(12,955)	(3,523)
Closing balance	751,370	746,354

(ii) Movements in specific allowance for credit losses on loans and advances to customers during the period were as follows:

	Six-month period ended	
	30/6/2019 VND million	30/6/2018 VND million
Opening balance	307,042	306,151
Allowance (reversed)/made during the period (Note 28)	(38,778)	152,809
Closing balance	268,264	458,960

10. Investment securities

	30/6/2019 VND million	31/12/2018 VND million
Available-for-sale securities		
Debt securities		
▪ Government bonds	10,123,424	10,234,382
▪ Bonds issued by local economic entities	1,250,000	-
Equity securities		
▪ Shares issued by local economic entities	286,506	175,940
	11,659,930	10,410,322
Allowance for available-for-sale securities (i)	(169,569)	(135,248)
	11,490,361	10,275,074

	30/6/2019 VND million	31/12/2018 VND million
Held-to-maturity securities (excluding special bonds issued by VAMC)		
Debt securities		
▪ Government bonds	1,709,261	200,612
▪ Treasury bills issued by the SBV	1,433,800	-
▪ Bonds issued by other local credit institutions – unlisted	1,000,000	1,000,000
▪ Bonds issued by local economic entities – unlisted	75,000	75,000
	4,218,061	1,275,612
Special bonds issued by VAMC (ii)		
▪ Special bonds at par value	4,714,704	5,487,386
▪ Allowance for special bonds	(1,515,249)	(2,136,095)
	3,199,455	3,351,291
	18,907,877	14,901,977

(i) Movements in allowance for available-for-sale securities during the period were as follows:

	Six-month period ended	
	30/6/2019	**30/6/2018**
	VND million	**VND million**
Opening balance	135,248	-
Allowance made during the period (Note 24)	5,160	27,930
Reclassification from allowance for diminution in the value of long-term financial investments (Note 11(i))	96,846	9,696
Allowance reversed during the period (Note 24)	(67,685)	-
Closing balance	169,569	37,626

(ii) These are special bonds issued by VAMC in exchange for bad debts acquired from the Group with the total outstanding principal of VND5,002,030 million (31/12/2018: VND5,786,114 million). Up to the date of selling bad debts to VAMC, the Group has made specific allowance for these debts amounting to VND287,326 million (31/12/2018: VND298,728 million).

Movements in allowance for special bonds issued by VAMC during the period were as follows:

	Six-month period ended	
	30/6/2019	**30/6/2018**
	VND million	**VND million**
Opening balance	2,136,095	1,504,584
Allowance made during the period (Note 28)	39,564	58,679
Allowance reversed during the period (Note 28)	(31,134)	(36,759)
Allowance utilised during the period	(629,276)	(3,188)
Closing balance	1,515,249	1,523,316

11. Capital contribution, long-term investments

	30/6/2019 VND million	31/12/2018 VND million
Investments in shares of local economic entities		
▪ Unlisted	-	110,566
Allowance for diminution in the value of long-term investments (i)	-	(96,846)
	-	13,720

Movements of other long-term investments during the period were as follows:

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Opening balance	110,566	1,480,063
Disposals	-	(1,214,861)
Reclassification to available-for-sale securities	(110,566)	(52,484)
Closing balance	-	212,718

(i) Movements of allowance for diminution in the value of other long-term investments during the period were as follows:

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Opening balance	96,846	102,854
Allowance made during the period (Note 26)	-	224
Reclassification to allowance for available-for-sale securities (Note 10(i))	(96,846)	(9,696)
Closing balance	-	93,382

12. Tangible fixed assets

Six-month period ended 30 June 2019	**Building and structures VND million**	**Machinery and equipment VND million**	**Motor vehicles VND million**	**Office equipment VND million**	**Other fixed assets VND million**	**Total VND million**
Cost						
Opening balance	483,692	742,287	253,781	46,457	612,216	2,138,433
Additions	-	-	-	310	318	628
Transfers from construction in progress	-	19,352	2,006	130	3,680	25,168
Disposals	(499)	(627)	(6,976)	-	-	(8,102)
Closing balance	483,193	761,012	248,811	46,897	616,214	2,156,127
Accumulated depreciation						
Opening balance	64,861	493,191	185,867	39,562	484,791	1,268,272
Charge for the period	6,347	26,250	7,416	1,179	19,203	60,395
Disposals	(50)	(627)	(6,946)	-	-	(7,623)
Closing balance	71,158	518,814	186,337	40,741	503,994	1,321,044
Net book value						
Opening balance	418,831	249,096	67,914	6,895	127,425	870,161
Closing balance	412,035	242,198	62,474	6,156	112,220	835,083

12. Tangible fixed assets (continued)

Six-month period ended 30 June 2018

	Building and structures VND million	Machinery and equipment VND million	Motor vehicles VND million	Office equipment VND million	Other fixed assets VND million	Total VND million
Cost						
Opening balance	440,632	665,290	216,210	46,332	591,559	1,960,023
Transfers from construction in progress	34,437	17,134	14,776	1,094	8,443	75,884
Disposals	-	(12,956)	(5,609)	(1,160)	-	(19,725)
Closing balance	475,069	669,468	225,377	46,266	600,002	2,016,182
Accumulated depreciation						
Opening balance	52,448	458,670	178,791	38,395	446,549	1,174,853
Charge for the period	5,395	22,472	7,179	1,275	19,291	55,612
Disposals	-	(12,956)	(5,609)	(1,160)	-	(19,725)
Closing balance	57,843	468,186	180,361	38,510	465,840	1,210,740
Net book value						
Opening balance	388,184	206,620	37,419	7,937	145,010	785,170
Closing balance	417,226	201,282	45,016	7,756	134,162	805,442

As at 30 June 2019, included in tangible fixed assets were assets costing VND707,812 million which were fully depreciated but which are still in use (31/12/2018: VND686,637 million).

13. Intangible fixed assets

Six-month period ended 30 June 2019	Land use rights VND million	Software VND million	Total VND million
Cost			
Opening balance	2,381,088	451,823	2,832,911
Transfers from construction in progress	-	6,814	6,814
Disposals	(17,713)	-	(17,713)
Closing balance	2,363,375	458,637	2,822,012
Accumulated amortisation			
Opening balance	-	144,182	144,182
Charge for the period	-	20,016	20,016
Closing balance	-	164,198	164,198
Net book value			
Opening balance	2,381,088	307,641	2,688,729
Closing balance	2,363,375	294,439	2,657,814

13. Intangible fixed assets (continued)

Six-month period ended 30 June 2018	**Land use rights VND million**	**Software VND million**	**Total VND million**
Cost			
Opening balance	2,381,088	169,936	2,551,024
Transfers from construction in progress	-	11,298	11,298
Closing balance	2,381,088	181,234	2,562,322
Accumulated amortisation			
Opening balance	-	122,000	122,000
Charge for the period	-	6,547	6,547
	-	128,547	128,547
Net book value			
Opening balance	2,381,088	47,936	2,429,024
Closing balance	2,381,088	52,687	2,433,775

As at 30 June 2019, included in intangible fixed assets were assets costing VND89,084 million which were fully depreciated but which are still in use (31/12/2018: VND75,916 million).

14. Other assets

	30/6/2019 VND million	31/12/2018 VND million
Constructions in progress (i)		
▪ Advances for purchases of fixed assets	153,847	187,909
▪ Construction in progress	265,317	261,354
▪ Advances for purchases of software	15,701	-
	434,865	449,263
Receivables		
▪ Advances to individuals (ii)	380,699	265,358
▪ Receivables from card settlements	207,772	55,477
▪ Advances for operating activities	80,427	56,617
▪ Deposits for house rentals and other operating leases	53,388	29,083
▪ Receivables from transfer of shares (iii)	39,130	119,130
▪ Receivables from interest subsidy program	38,451	38,451
▪ Receivables from individuals (iv)	34,840	34,261
▪ Corporate income tax paid in foreign countries awaiting finalisation	23,975	23,898
▪ Deductible value added tax	8,631	10,262
▪ Dividend receivable	5,865	5,865
▪ Principal and interest receivable from government bonds which were due	-	158,550
▪ Over-paid corporate income tax (Note 19)	-	65,284
▪ Other receivables	37,583	56,051
	910,761	918,287
Accrued interest and fees receivable	1,080,625	1,188,031
Other assets		
▪ Foreclosed assets of which ownership being transferred and awaiting settlement	856,269	1,048,171
▪ Settlements among credit institutions	183,858	-
▪ Prepaid expenses	42,745	75,274
▪ Materials and tools	15,098	15,691
	1,097,970	1,139,136
Allowance for losses on Other assets (v)	(422,979)	(307,638)
	3,101,242	3,387,079

(i) Movements in construction in progress during the period were as follows:

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Opening balance	449,263	697,520
Additions	41,070	97,803
Transfers to tangible fixed assets	(25,168)	(75,884)
Transfers to intangible fixed assets	(6,814)	(11,298)
Transfers to Other assets	(3,424)	(869)
Decrease due to debt collection	(18,345)	-
Written off	(1,717)	(2,033)
Closing balance	434,865	705,239

(ii) Included in advances to individuals were:

- VND360,401 million advances to an individual who was involved in the claim as described in Note 40(i). The advance is made in accordance with the Decision of the appellate judgment issued by the People's Court of Ho Chi Minh City on 19 April 2019, whereby the Group is obliged to repay both principal and associated interest of the deposits as mentioned in the case to this individual. The civil liability of the former Deputy Director of Ho Chi Minh City Branch ("Former Deputy Director") in relation to compensations to the Group will be decided when he is in custody. At the issuance date of these consolidated interim financial statements, the Group made full allowance for advances to this individual. Refer to Note 40(i) for more information on this claim.

- VND20,298 million advances to two individuals who were involved in the case "Irresponsibility causing damages to the property of the State, agencies, organisations and enterprises" as described in Note 40(i). The advances which represented the outstanding principal and associated interest of deposits made by these individuals were made in accordance with the Decision of the first verdict dated 23 November 2018 issued by the People's Court of Ho Chi Minh City. The former Deputy Director's civil liability in relation to compensations to the Bank will be decided when he is in custody. At the issuance date of these separate interim financial statements, the Bank made full allowance for advances to these two individuals. Refer to Note 40(i) for more information on this case.

(iii) This amount represented receivables from transfers of shares of a company in which the Group invested. These receivables are due in July 2019. As at 30 June 2019, The Group has assessed the recoverability of these receivables and their associated interest receivables and no allowance has been made for these receivables and their associated interest accordingly.

(iv) This amount represented receivable from a former employee of Do Luong Transaction Office – Vinh Branch who was involved in the claim as described in Note 40(ii). At the issuance date of these consolidated interim financial statements, the Bank made allowance for this receivable amounting to VND27,839 million (31/12/2018: VND27,839 million) based on its assessment of the recoverability of assets seized from this former employee and from individuals whom were involved in the case as mentioned in Note 40(ii).

Other assets with credit risk categorised by debt group were as follows:

	30/6/2019 VND million	31/12/2018 VND million
Group 1 - Current debts	1,552,776	1,716,712
Group 5 - Loss debts	429,979	314,060
	1,982,755	2,030,772

(v) Movements in allowance for losses on Other assets during the period were as follows:

	Six-month period ended	
	30/6/2019 VND million	30/6/2018 VND million
Opening balance	307,638	6,031
Transfer from provision for other liabilities	88,790	-
Increase during the period (Note 27)	26,551	-
Closing balance	422,979	6,031

15. Borrowings from the State Bank of Vietnam

	30/6/2019 VND million	31/12/2018 VND million
Borrowings from the SBV in VND	967,102	49,327

16. Deposits and borrowings from other credit institutions

	30/6/2019 VND million	31/12/2018 VND million
Demand deposits		
▪ In VND	78,499	107,443
▪ In foreign currencies	14,057	13,683
Term deposits		
▪ In VND	2,358,645	4,048,368
▪ In foreign currencies	5,805,843	6,401,900
	8,257,044	10,571,394
Borrowings		
▪ In VND	-	150,000
▪ In foreign currencies	2,003,370	5,289,670
	2,003,370	5,439,670
	10,260,414	16,011,064

17. Deposits from customers

	30/6/2019 VND million	31/12/2018 VND million
Demand deposits		
▪ In VND	12,231,576	14,101,756
▪ In foreign currencies	3,023,320	3,265,228
Term deposits		
▪ In VND	27,954,603	22,946,618
▪ In foreign currencies	437,147	438,657
Saving deposits		
▪ In VND	82,442,146	74,256,449
▪ In foreign currencies	2,517,127	3,058,860
Special-purpose deposits		
▪ In VND	160,415	110,898
▪ In foreign currencies	25,928	27,215
Margin deposits		
▪ In VND	400,665	427,223
▪ In foreign currencies	64,779	60,965
	129,257,706	118,693,869

Deposits from customers by type of customer and type of business were as follows:

	30/6/2019 VND million	31/12/2018 VND million
Individuals	94,139,617	85,560,166
Limited liability companies	15,239,550	13,798,665
Joint stock companies	9,248,254	8,866,532
State-owned enterprises	5,713,466	4,517,976
100% foreign owned companies	3,779,343	3,977,884
Private companies	58,135	102,249
Others	1,079,341	1,870,397
	129,257,706	118,693,869

18. Other liabilities

	30/6/2019 VND million	31/12/2018 VND million
Accrued interest and fees payable	2,534,044	2,190,807
Internal payables		
▪ Payables to employees	4,165	7,071
▪ Other internal payables	1,000	1,246
External payables		
▪ Card settlement payables	477,019	217,448
▪ Payables relating to letters of credit	131,857	125,460
▪ Taxes payable (Note 19)	106,800	28,639
▪ Payables relating to core banking system	86,136	86,136
▪ Remittance payables	82,008	20,508
▪ Payables to the SBV relating to interest subsidy program	29,826	29,826
▪ Dividend payables	2,455	2,455
▪ Other payables	95,880	116,045
Bonus and welfare fund (i)	37,408	40,580
	1,054,554	675,414
Provision for other liabilities		
▪ Interest payable to a customer	-	88,790
	3,588,598	2,955,011

(i) Movements in bonus and welfare fund during the period were as follows:

	Six-month period ended	
	30/6/2019 VND million	30/6/2018 VND million
Opening balance	40,580	27,437
Appropriation from profits after tax	-	57,000
Utilisation during the period	(3,172)	(4,421)
Other movements	-	(24,610)
Closing balance	37,408	55,406

19. Obligations to the State Treasury

Six-month period ended 30 June 2019	Opening balance		Movements during the period		Closing balance
	Overpaid VND million	Payable VND million	Incurred VND million	Paid VND million	Payable VND million
Corporate income tax	(65,284)	1,874	151,965	(11,807)	76,748
Value added tax	-	10,245	41,310	(39,840)	11,715
Personal income tax	-	16,520	66,372	(64,555)	18,337
Foreign contractor tax	-	-	5,819	(5,819)	-
Other taxes	-	-	3,083	(3,083)	-
	(65,284)	28,639	268,549	(125,104)	106,800

Six-month period ended 30 June 2018	Opening balance VND million	Movements during the period			Closing balance VND million
		Incurred VND million	Net off VND million	Paid VND million	
Corporate income tax	111,599	184,302	(235)	(227,197)	68,469
Value added tax	10,284	32,204	-	(34,043)	8,445
Personal income tax	8,233	51,721	-	(44,826)	15,128
Foreign contractor tax	-	3,661	-	(3,661)	-
Other taxes	-	2,428	-	(2,428)	-
	130,116	274,316	(235)	(312,155)	92,042

20. Owners' equity

(a) Statement of changes in equity

	Charter capital VND million	Capital for construction, purchases of fixed assets VND million	Share premium VND million	Treasury shares VND million	Reserve to supplement charter capital VND million	Financial reserve VND million	Investment and development fund VND million	Retained profits VND million	Foreign exchange differences VND million	Total VND million
Balance at 1 January 2018	**12,355,229**	**15,396**	**156,322**	**(78,273)**	**542,922**	**1,043,761**	**326**	**215,498**	**-**	**14,251,181**
Net profit for the period	-	-	-	-	-	-	-	737,361	-	737,361
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	(57,000)	-	(57,000)
Utilisation of funds	-	-	-	-	-	(6)	-	-	-	(6)
Foreign exchange differences	-	-	-	-	-	-	-	-	18,217	18,217
Other movements	-	-	-	-	-	316	-	28,500	-	28,816
Balance at 30 June 2018	**12,355,229**	**15,396**	**156,322**	**(78,273)**	**542,922**	**1,044,071**	**326**	**924,359**	**18,217**	**14,978,569**
Balance at 1 January 2019	**12,355,229**	**15,396**	**156,322**	**(78,273)**	**575,760**	**1,109,700**	**326**	**749,074**	**-**	**14,883,534**
Net profit for the period	-	-	-	-	-	-	-	610,572	-	610,572
Foreign exchange differences	-	-	-	-	-	-	-	-	9,285	9,285
Balance at 30 June 2019	**12,355,229**	**15,396**	**156,322**	**(78,273)**	**575,760**	**1,109,700**	**326**	**1,359,646**	**9,285**	**15,503,391**

(b) Charter capital

	30/6/2019		31/12/2018	
	Number of shares	Par value VND million	Number of shares	Par value VND million
Authorised charter capital	1,235,522,904	12,355,229	1,235,522,904	12,355,229
Issued share capital				
Ordinary shares	1,235,522,904	12,355,229	1,235,522,904	12,355,229
Treasury shares				
Ordinary shares	(6,090,000)	(60,900)	(6,090,000)	(60,900)
Shares in circulation				
Ordinary shares	1,229,432,904	12,294,329	1,229,432,904	12,294,329

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

21. Net interest and similar income

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Interest and similar income from		
▪ Loans to customers and other credit institutions	4,761,959	4,279,789
▪ Deposits with other credit institutions	266,384	100,815
▪ Investment securities	327,168	289,293
▪ Guarantee services	46,627	45,430
▪ Other income from credit activities	13,507	356
	5,415,645	4,715,683
Interest and similar expenses on		
▪ Deposits from customers and other credit institutions	(3,662,140)	(3,139,918)
▪ Borrowings from the SBV and other credit institutions	(85,386)	(55,045)
▪ Valuable papers issued	-	(9,802)
▪ Other expenses on credit activities	(4,533)	(6,809)
	(3,752,059)	(3,211,574)
Net interest income	1,663,586	1,504,109

22. Net fees and commission income

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Fees and commission income from		
▪ Settlement services	278,658	249,384
▪ Treasury services	18,674	19,352
▪ Other services	35,507	38,351
	332,839	307,087
Fees and commission expenses on		
▪ Settlement and treasury services	(126,238)	(107,567)
▪ Postage and telecommunications	(27,235)	(21,948)
▪ Cash handling	(4,338)	(3,956)
▪ Agency commission	(4,025)	(6,101)
▪ Other services	(12,508)	(9,931)
	(174,344)	(149,503)
Net fees and commission income	158,495	157,584

23. Net gain from trading of foreign currencies

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Gains on trading of foreign currencies from		
▪ Currency spot contracts	1,085,290	898,937
▪ Other derivatives contracts	363,039	141,240
▪ Gold trading	35,424	51,441
	1,483,753	1,091,618
Losses on trading of foreign currencies on		
▪ Currency spot contracts	(934,973)	(720,268)
▪ Other derivatives contracts	(356,035)	(204,026)
▪ Gold trading	(37,904)	(42,087)
	(1,328,912)	(966,381)
Net gain from trading of foreign currencies	154,841	125,237

24. Net gain/(loss) from sales of investment securities

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Gains from trading of investment securities	15,102	13,765
Losses from trading of investment securities	(9,888)	-
Allowance made for credit losses on investment securities (Note 10(i))	(5,160)	(27,930)
Reversal of allowance for credit losses on investment securities (Note 10(i))	67,685	-
Net gain/(loss) from sales of investment securities	67,739	(14,165)

25. Net other income

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Other income		
▪ Recovery from bad debts previously written-off	41,570	59,457
▪ Proceeds from disposals of land use rights and other fixed assets	259,314	23,246
▪ Other income	3,412	12,352
	304,296	95,055
Other expenses		
▪ Net book value of disposed land use rights and other fixed assets	(210,094)	(20,700)
▪ Other expenses	(4,485)	(2,741)
	(214,579)	(23,441)
Net other income	89,717	71,614

26. Gain from capital contribution, share purchase

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Dividends/profit distributions from:		
▪ Available-for-sale equity securities	4,033	-
▪ Capital contribution, long-term investments	149	245
Gains from disposals of other long-term investments	-	521,423
Allowance made for diminution in the value of long-term investments (Note 11)	-	(224)
Gain from capital contribution, share purchase	4,182	521,444

27. Operating expenses

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
1. Personnel expenses:	918,275	812,920
In which:		
▪ *Salary and allowances*	*815,099*	*720,599*
▪ *Salary related contribution*	*45,037*	*42,677*
▪ *Meal allowances*	*32,702*	*32,611*
▪ *Other allowances*	*8,971*	*5,152*
▪ *Healthcare*	*134*	*131*
▪ *Uniform and labour protection instruments*	*519*	*342*
▪ *Others*	*15,813*	*11,408*
2. Asset expenditure	227,007	211,249
In which:		
▪ *Rental*	*106,815*	*101,855*
▪ *Depreciation of fixed assets*	*80,411*	*62,159*
▪ *Repair and maintenance*	*32,521*	*35,781*
▪ *Tools and supplies*	*6,142*	*9,748*
▪ *Insurance fee*	*1,118*	*1,706*
3. Insurance for customer deposits	62,310	61,413
4. Meeting and conference expenses	47,013	38,473
5. Utilities expenses	25,154	24,498
6. Advertisement, marketing and promotion expenses	24,081	19,774
7. Materials and printing expenses	16,282	17,282
8. Travelling expenses	10,633	11,995
9. Professional fees	5,895	7,320
10. Postage and telecommunication expenses	4,950	4,368
11. Other taxes and fees	4,523	3,671
12. Documents and newspapers	2,466	3,187
13. Training expenses	980	2,455
14. Inspection and examination expenses	463	1,244
15. Other provision expenses (*)	26,551	-
16. Others	42,743	53,105
	1,419,326	1,272,954

(*) Other provision expenses represented additional interest payable to a customer in accordance with the decision of the appellate judgment dated 19 April 2019 (Note 14(ii) and Note 40(i)).

28. (Reversal of allowance)/allowance expenses for credit losses

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Reversal of general allowance for credit losses on loans to customers (Note 9(i))	(12,955)	(3,523)
(Reversal of)/additions to specific allowance for credit losses on loans to customers (Note 9(ii))	(38,778)	152,809
Allowance made for special bonds (Note 10(ii))	39,564	58,679
Reversal of allowance for special bonds (Note 10(ii))	(31,134)	(36,759)
	(43,303)	171,206

29. Corporate income tax

(a) Recognised in the consolidated statement of income

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Current tax expense	151,939	184,302
Additional tax paid for previous years	26	-
	151,965	184,302

(b) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2019	**30/6/2018**
	VND million	**VND million**
Profit before tax	762,537	921,663
Adjustments for:		
▪ Tax exempt income (dividend)	(4,033)	-
▪ Non-deductible expenses	2,681	3,373
▪ Allowance for investment securities	(1,492)	(3,529)
Taxable income	759,693	921,507
Corporate income tax expense during the period	151,939	184,302
Additional tax paid for previous years	26	-
Corporate income tax expense	151,965	184,302

(c) Applicable tax rates

The corporate income tax rate applicable to the Bank and Eximbank Asset Management Company is 20%.

The corporate income tax computation is subject to the review and approval of tax authorities.

30. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2019 was based on profit attributable to ordinary shareholders of the Bank amounting to VND610,572 million (for the six-month period ended 30 June 2018: VND737,361 million) and the weighted average number of ordinary shares of 1,229,432,904 (for the six-month period ended 30 June 2018: 1,229,432,904), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Six-month period ended	
	30/6/2019	**30/6/2018**
	VND million	**VND million**
Net profit attributable to ordinary shareholders	610,572	737,361
Amounts allocated to bonus and welfare fund (*)	-	-

(*) At the date of this report, the Group has not received the official decision of the General Meeting of Shareholders on the appropriation to bonus and welfare funds from the 2019 profit. If the Group made appropriation to bonus and welfare funds, net profit attributable to ordinary shareholders and basic earnings per share would decrease.

(ii) Weighted average number of ordinary shares

	Six-month period ended	
	30/6/2019	**30/6/2018**
	Shares	**Shares**
Weighted average number of ordinary shares during the period	1,229,432,904	1,229,432,904

(iii) Basic earnings per share

	Six-month period ended	
	30/6/2019	**30/6/2018**
Basic earnings per share (VND/share)	497	600

(b) Diluted earnings per share

As at 30 June 2019 and 2018, the Bank did not have any dilutive potential ordinary shares. Accordingly, the requirement for presentation of diluted earnings per share is not applicable.

31. Cash and cash equivalents

	30/6/2019 VND million	31/12/2018 VND million
Cash on hand, gold	6,826,328	2,356,198
Balances with the SBV	3,218,807	6,412,125
Deposits with other credit institutions with original term to maturity of not exceeding three months	19,089,577	18,750,212
Loans to other credit institutions with original term to maturity of not exceeding three months	34	300,652
Securities with terms to maturity of less than three months from purchase date	1,433,800	-
	30,568,546	27,819,187

32. Employees' benefits

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Total average number of employees during the period	6,131	6,044
Employees' income		
1. Salary and bonus	815,099	720,599
2. Other bonus	2,884	4,251
3. Other income	32,702	32,611
4. Total income (4=1+2+3)	850,685	757,461
Average monthly salary/employee	22	20
Average monthly income/employee	23	21

33. Type and value of collaterals received from customers and other credit institutions

(a) Type and value of collaterals received from customers

	30/6/2019 VND million	31/12/2018 VND million
Real estates	167,774,731	153,448,596
Machineries and equipment	13,478,974	13,531,737
Shares and valuable papers	9,968,961	8,650,480
Inventories	374,841	228,743
Other assets	27,570,230	29,354,511
	219,167,737	205,214,067

Except for low-value collaterals being valued by the branches, other collaterals are valued by the Asset Valuation Center of the Bank.

(b) Type and value of collaterals received from other credit institutions

	30/6/2019 VND million	31/12/2018 VND million
Valuable papers	-	100,585

34. Contingent liabilities and commitments

	30/6/2019			31/12/2018		
	Contractual amount – gross VND million	**Margin deposits VND million**	**Contractual amount – net VND million**	**Contractual amount – gross VND million**	**Margin deposits VND million**	**Contractual amount – net VND million**
Credit guarantees	192	-	192	2	-	2
Foreign exchange commitments	115,378,562	-	115,378,562	94,070,917	-	94,070,917
In which:						
▪ *Commitments on purchase of foreign currencies*	*1,052,899*	-	*1,052,899*	*3,377,444*	-	*3,377,444*
▪ *Commitments on sales of foreign currencies*	*3,570,978*	-	*3,570,978*	*345,075*	-	*345,075*
▪ *Commitments on currency swap transactions*	*110,754,685*	-	*110,754,685*	*90,348,398*	-	*90,348,398*
Letters of credit commitments	3,259,336	(126,573)	3,132,763	3,710,711	(122,387)	3,588,324
Other guarantees	5,453,810	(183,557)	5,270,253	3,258,222	(177,074)	3,081,148
Other commitments	169,777	-	169,777	169,231	-	169,231

35. Significant transactions with related parties

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

Balances at the period-end	**30/6/2019 VND million**	**31/12/2018 VND million**
	Receivables/(payables)	
Major shareholders		
Deposits from major shareholders	(12,049)	(1,135,995)
Borrowings from major shareholders	(465,900)	(638,550)
Deposits with major shareholders	163,420	-
Other related parties (*)		
Deposits from other related parties	(103,848)	(75,873)
Interest payable to other related parties	(996)	(1,404)
Loans to other related parties	1,686	1,885
Interest receivable from other related parties	5	5

Transactions during the period	**Six-month period ended 30/6/2019 VND million**	**30/6/2018 VND million**
	Income/(expense)	
Major shareholders		
Interest income	-	791
Interest expense	(11,334)	(25,140)
Other related parties (*)		
Interest income	51	69
Interest expense	(5,835)	(2,420)
Remuneration to members of the Board of Directors (**)	(1,868)	(8,335)
Advances to members of the Board of Directors	4,840	-
Remuneration to members of the Board of Supervisors (**)	-	(10,500)
Advances to members of the Board of Supervisors	1,200	-
Salaries and allowances of the Board of Management's members	(18,926)	(16,797)

(*) Other related parties represented key management personnel including members of the Board of Directors, the Board of Management, Board of Supervisors, and close family members of these individuals and entities of which these individuals directly or indirectly hold significant voting rights or through which these individuals obtain significant influence over the Bank.

(**) Remunerations to members of the Board of Directors and Board of Supervisors for the first six-month period of 2019 include remuneration of 2018 paid to members of the Board of Directors and Board of Supervisors amounting to VND1,868 million and VND0, respectively (for the first six-month period of 2018: remuneration of 2017 paid to members of the Board of Directors and Board of Supervisors amounting to VND8,335 million and VND6,500 million, respectively) which were approved by the shareholders at the Annual General Meeting.

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

As at 30 June 2019

	Loans to customers – gross VND million	Deposits from customers VND million	Contingent liabilities and credit commitments – gross VND million	Investment securities – gross VND million	Capital contribution, long-term investments – gross VND million	Deposits with and loans to other credit institutions – gross VND million	Deposits and borrowings from other credit institutions VND million	Derivatives (Total contractual value) VND million
Domestic	105,974,371	127,995,481	8,713,338	20,592,695	-	12,884,706	8,257,044	77,711,548
Overseas	-	1,262,225	169,777	-	-	6,204,905	2,003,370	10,717
	105,974,371	129,257,706	8,883,115	20,592,695	-	19,089,611	10,260,414	77,722,265

As at 31 December 2018

	Loans to customers – gross VND million	Deposits from customers VND million	Contingent liabilities and credit commitments – gross VND million	Investment securities – gross VND million	Capital contribution, long-term investments – gross VND million	Deposits with and loans to other credit institutions – gross VND million	Deposits and borrowings from other credit institutions VND million	Derivatives (Total contractual value) VND million
Domestic	104,042,577	116,182,554	6,960,771	17,173,320	110,566	1,690,797	4,825,270	54,344,740
Overseas	-	2,511,315	177,395	-	-	17,360,067	11,185,794	3,085,234
	104,042,577	118,693,869	7,138,166	17,173,320	110,566	19,050,864	16,011,064	57,429,974

37. Financial risk management

(a) Financial risk management

(i) Overview

Risks are inherent in the Group's activities and are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk prevention relating to his or her responsibilities. The Group is exposed to such types of risk as credit risk, liquidity risk and market risk (then being classified into business and non-business risks). The Group are also subject to various operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Group's policy is to monitor those business risks through the Group's strategic planning process.

(ii) Risk management framework

Risk management structure

Risk management structure of the Group includes Board of Directors, Risk Management Committee, Board of Management, Heads of business units and departments responsible for risk management at the Head Office of the Bank.

Board of Directors

The Board of Directors approves risk management policy and monitors the implementation of risk prevention measures of the Group.

Risk Management Committee

Risk Management Committee consults the Board of Directors in the promulgation of procedures and policies under authority of the Board of Directors relating to risk management in the Group's activities.

Risk Management Committee analyses and provides warnings on the safety level of the Group against potential risks that may affect the Group's operations and preventive measures in the short-term as well as long-term.

Risk Management Committee reviews and evaluates the appropriateness and effectiveness of the risk management of procedures and policies of the Group to make recommendations to the Board of Directors on the improvement of procedures, policies and operations.

Board of Supervisors

The Board of Supervisors has the responsibility to monitor the overall risk management process within the Group.

Internal Audit

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

Risk measurement and reporting systems

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

Monitoring and controlling risks are primarily carried out based on limits established by the Group in compliance with the SBV's regulations on safety. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group are willing to accept.

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

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

Risk mitigation

The Group actively uses collaterals to reduce its exposure to credit risk.

Risk concentration

Risk concentrations arise when a number of customers of the Group are engaged in similar business activities, or activities in the same geographic area, or have similar economic features that would affect the group of customers' payment obligations or payment receipt rights when due under changes in economic, political or other conditions.

These above concentrations indicate the level of sensitivity of the Group's performance to the developments of a particular industry or geographic area.

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

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is related to all financial products: all the items recognised in the consolidated balance sheet such as deposits, loans, overdrafts, bonds, and other assets; all items are recognised in off-balance sheet such as derivative instruments, letters of credit and guarantees.

Credit risk management

The Group creates the credit function structure based on control and balance system. Business units are separated completely from the credit approval unit. The Group has established credit risk management and control system, as follows:

- Business units are separated completely with the risk management, collateral valuation and credit approval units.
- Business units propose credit facility and perform initial collateral valuations.
- Risk management units are independent from units proposing initially credit facility and perform review and evaluation the proposal of business units.
- Except for the approvals for small and low risk transactions under authorised limit of branch director, the credit approval authority is centralised at the Head Office. All policies and relevant credit risk management regulations are approved accordingly by the Board of Directors and Board of Management, including:
  - Credit policy;
  - Regulation on debt classification, allowance for credit losses and utilisation of allowance for credit losses;
  - Regulation on collaterals and valuation of collaterals;
  - Regulation on internal credit rating system;
  - Guidance on credit limit for counterparty;
  - Credit procedures;
  - Regulation on procedures and content of reviewing, before, during, and after credit extension; and
  - Regulation on operations, functions and responsibilities of the Risk Management Committee.
- Risk management units send periodic risk reports to the Board of Management, Risk Management Committee, the Board of Directors, this risk report includes loan groups credit growth, credit quality, credit distribution according to the new credit risk rating system, allowance for credit losses, problematic loans, customer review monitoring, loans by sector, loan groups and credit concentration.
- Internal audit conducts audit and regular examination to ensure compliance and the effectiveness of policies and business procedures.

Collaterals

Collaterals are valued by an unit independent from the business units based on the market value at valuation date. The collateral valuation is regularly updated.

The main types of collaterals obtained are real estates, machinery and equipment and valuable papers. Guidance for valuation of movable assets and real estates is being reviewed and updated to comply with the SBV's regulations.

Commitments and guarantees

To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. Commitments and guarantees are also subject to credit risk classification.

Credit risk concentration

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

Not considering collaterals, the Group's maximum exposure to credit risk at the reporting date is as follows:

	30/6/2019 VND million	31/12/2018 VND million
Loans and receivables		
Balances with the State Bank of Vietnam	3,218,807	6,412,125
Deposits with and loans to other credit institutions (i)	19,089,611	19,050,864
Loans to customers – gross (ii)	105,974,371	104,042,577
Receivables – gross	902,130	577,383
Accrued interest and fees receivable	1,080,625	1,188,031
	130,265,544	131,270,980
Investment securities – gross (iii)		
Available-for-sale debt securities	11,373,424	10,234,382
Held-to-maturity securities	8,932,765	6,762,998
	20,306,189	16,997,380
Credit commitments – gross		
Letters of credit commitments	3,429,113	3,879,942
Other guarantees	5,454,002	3,258,224
	8,883,115	7,138,166
	159,454,848	155,406,526

(i) Deposits with and loans to other credit institutions

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

(ii) Loans to customers

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

(iii) Investment securities

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

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

	Overdue				
As at 30 June 2019	**From 10 to 90 days VND million**	**From 91 to 180 days VND million**	**From 181 to 360 days VND million**	**Over 360 days VND million**	**Total VND million**
Loans and receivables					
Loans to customers – gross	522,655	27,408	62,261	450,979	1,063,303

	Overdue				
As at 31 December 2018	**From 10 to 90 days VND million**	**From 91 to 180 days VND million**	**From 181 to 360 days VND million**	**Over 360 days VND million**	**Total VND million**
Loans and receivables					
Loans to customers – gross	309,365	40,349	35,003	487,158	871,875
Other assets – gross	80,000	-	-	-	80,000
	389,365	40,349	35,003	487,158	951,875

An aging analysis of financial assets that are impaired at the reporting date is as follows:

As at 30 June 2019	Overdue From 10 to 90 days VND million	Overdue From 91 to 180 days VND million	Overdue From 181 to 360 days VND million	Overdue Over 360 days VND million	Not past due VND million	Total VND million
Loans and receivables						
Loans to customers – gross	95,709	101,805	808,553	424,052	-	1,430,119
Other assets – gross	380,699	-	-	6,052	43,228	429,979
	476,408	101,805	808,553	430,104	43,228	1,860,098

As at 31 December 2018	Overdue From 10 to 90 days VND million	Overdue From 91 to 180 days VND million	Overdue From 181 to 360 days VND million	Overdue Over 360 days VND million	Not past due VND million	Total VND million
Loans and receivables						
Loans to customers – gross	317,337	808,096	83,176	467,228	-	1,675,837
Other assets – gross	-	-	-	6,031	308,029	314,060
	317,337	808,096	83,176	473,259	308,029	1,989,897

Refer to Note 33 for types and values of collaterals received from customers. The Group has not determined fair values of the collaterals for overdue and impaired financial assets for disclosure in these consolidated financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV and relevant statutory requirements applicable to financial statements. The fair values of these collaterals may differ from their carrying amounts.

(c) Market risks

Market risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of movements in market prices. Market risks arise from open positions in interest rate, currency and equity instruments, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and share prices.

(i) Interest rate risk

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

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

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

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

- Cash, gold; derivatives and other financial assets; capital contribution, long-term investments; other assets (including fixed assets and other assets) and other liabilities are classified as non-interest bearing items.

- Balances with the State Bank of Vietnam are considered as current, interest rate repricing term is therefore considered within 1 month.

- The actual interest rate repricing term of debt securities are determined based on the actual maturity term of each type of securities at the reporting date.

- The actual interest rate repricing term of deposits with and loans to other credit institutions; loans to customers; deposits and borrowings from other credit institutions and deposits from customers are determined as follows:

  - Items which bear fixed interest rate for the entire contractual term: the actual interest rate repricing term is determined based on the remaining contractual term calculated from the reporting date.

  - Items which bear floating interest rate: the actual interest rate repricing term is determined based on the next interest rate repricing date subsequent to the reporting date.

- The actual interest rate repricing term of valuable papers issued is determined based on the remaining maturity term of each valuable paper.

The following tables show the Group's assets and liabilities categorised by the earlier of interest rate repricing date and contractual maturity date at the end of the accounting period:

As at 30 June 2019	**Overdue VND million**	**Non interest bearing VND million**	**Less than 1 month VND million**	**From 1 to 3 months VND million**	**Over 3 to 6 months VND million**	**Over 6 to 12 months VND million**	**Over 1 to 5 years VND million**	**Over 5 years VND million**	**Total VND million**
Assets									
Cash on hand, gold	-	6,826,328	-	-	-	-	-	-	6,826,328
Balances with the SBV	-	-	3,218,807	-	-	-	-	-	3,218,807
Deposits with and loans to other credit institutions	-	-	18,643,611	446,000	-	-	-	-	19,089,611
Loans to customers – gross (*)	2,493,422	-	52,272,910	22,531,476	7,536,076	4,550,415	2,532,070	14,058,002	105,974,371
Investment securities – gross	-	5,001,209	1,933,920	351,210	700,911	3,930,272	5,475,700	3,199,473	20,592,695
Fixed assets	-	3,492,897	-	-	-	-	-	-	3,492,897
Other assets – gross	386,751	3,137,470	-	-	-	-	-	-	3,524,221
Total assets (1)	**2,880,173**	**18,457,904**	**76,069,248**	**23,328,686**	**8,236,987**	**8,480,687**	**8,007,770**	**17,257,475**	**162,718,930**
Liabilities									
Borrowings from the SBV	-	-	924,882	-	-	42,220	-	-	967,102
Deposits and borrowings from other credit institutions	-	-	8,018,706	1,403,088	838,620	-	-	-	10,260,414
Deposits from customers	-	-	40,752,837	23,899,971	26,980,537	30,590,189	7,033,977	195	129,257,706
Derivatives and other financial liabilities	-	14,288	-	-	-	-	-	-	14,288
Other liabilities	-	3,588,598	-	-	-	-	-	-	3,588,598
Total liabilities (2)	**-**	**3,602,886**	**49,696,425**	**25,303,059**	**27,819,157**	**30,632,409**	**7,033,977**	**195**	**144,088,108**
Interest sensitivity gap of balance sheet items [(3)=(1)-(2)]	**2,880,173**	**14,855,018**	**26,372,823**	**(1,974,373)**	**(19,582,170)**	**(22,151,722)**	**973,793**	**17,257,280**	**18,630,822**
Interest sensitivity gap of off-balance sheet items (4)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total interest sensitivity gap of on and off balance sheet item [(5)=(3)+(4)]	**2,880,173**	**14,855,018**	**26,372,823**	**(1,974,373)**	**(19,582,170)**	**(22,151,722)**	**973,793**	**17,257,280**	**18,630,822**

As at 31 December 2018	Overdue VND million	Non interest bearing VND million	Less than 1 month VND million	From 1 to 3 months VND million	Over 3 to 6 months VND million	Over 6 to 12 months VND million	Over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
Cash on hand, gold	-	2,356,198	-	-	-	-	-	-	2,356,198
Balances with the SBV	-	-	6,412,125	-	-	-	-	-	6,412,125
Deposits with and loans to other credit institutions	-	-	16,756,762	2,294,102	-	-	-	-	19,050,864
Loans to customers – gross (*)	2,547,711	-	56,830,771	13,777,578	12,948,973	6,384,738	3,320,296	8,232,510	104,042,577
Investment securities – gross	-	5,663,326	50,017	652,139	2,102,801	2,261,242	6,386,457	57,338	17,173,320
Capital contribution, long-term investments – gross	-	110,566	-	-	-	-	-	-	110,566
Fixed assets	-	3,558,890	-	-	-	-	-	-	3,558,890
Other assets – gross	314,060	3,380,657	-	-	-	-	-	-	3,694,717
Total assets (1)	**2,861,771**	**15,069,637**	**80,049,675**	**16,723,819**	**15,051,774**	**8,645,980**	**9,706,753**	**8,289,848**	**156,399,257**
Liabilities									
Borrowings from the SBV	-	-	3,423	24,384	15,182	6,338	-	-	49,327
Deposits and borrowings from other credit institutions	-	-	7,095,818	6,470,180	2,445,066	-	-	-	16,011,064
Deposits from customers	-	-	36,420,920	29,190,609	23,883,292	16,162,844	13,035,923	281	118,693,869
Derivatives and other financial liabilities	-	59,258	-	-	-	-	-	-	59,258
Other liabilities	-	2,955,011	-	-	-	-	-	-	2,955,011
Total liabilities (2)	**-**	**3,014,269**	**43,520,161**	**35,685,173**	**26,343,540**	**16,169,182**	**13,035,923**	**281**	**137,768,529**
Interest sensitivity gap of balance sheet items [(3)=(1)-(2)]	2,861,771	12,055,368	36,529,514	(18,961,354)	(11,291,766)	(7,523,202)	(3,329,170)	8,289,567	18,630,728
Interest sensitivity gap of off-balance sheet items (4)	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap of on and off balance sheet item [(5)=(3)+(4)]	**2,861,771**	**12,055,368**	**36,529,514**	**(18,961,354)**	**(11,291,766)**	**(7,523,202)**	**(3,329,170)**	**8,289,567**	**18,630,728**

(*) These amounts were calculated on customer balance basis instead of loan drawdown basis.

The following table shows the average effective interest rates of interest bearing financial instruments by terms and type of currencies:

As at 30 June 2019	**Overdue**	**Less than 1 month**	**From 1 to 3 months**	**Over 3 to 6 months**	**Over 6 to 12 months**	**Over 1 to 5 years**	**Over 5 years**
Assets							
Balances with the SBV							
▪ VND	-	0.30%	-	-	-	-	-
Deposits with and loans to other credit institutions							
▪ VND	-	5.70%	6.43%	-	-	-	-
▪ Foreign currencies	-	4.24%	-	-	-	-	-
Loans to customers							
▪ VND	11.18%	10.28%	9.21%	9.82%	10.50%	10.23%	10.77%
▪ Foreign currencies	5.40%	4.83%	4.31%	4.58%	5.29%	4.00%	-
Investment securities							
▪ VND	-	5.70%	5.78%	5.78%	6.21%	5.82%	6.10%
Liabilities							
Borrowings from the SBV							
▪ VND	-	3.50%	-	-	3.50%	-	-
Deposits and borrowings from other credit institutions							
▪ VND	-	5.87%	-	-	-	-	-
▪ Foreign currencies	-	3.63%	3.63%	4.46%	-	-	-
Deposits from customers							
▪ VND	-	6.04%	6.97%	7.67%	8.10%	8.31%	7.75%
▪ Foreign currencies	-	0.10%	0.05%	0.01%	0.01%	-	-

As at 31 December 2018	**Overdue**	**Less than 1 month**	**From 1 to 3 months**	**Over 3 to 6 months**	**Over 6 to 12 months**	**Over 1 to 5 years**	**Over 5 years**
Assets							
Balances with the SBV							
▪ VND	-	0.60%	-	-	-	-	-
▪ Foreign currencies	-	0.03%	-	-	-	-	-
Deposits with and loans to other credit institutions							
▪ VND	-	4.9%	5.59%	-	-	-	-
▪ Foreign currencies	-	2.7%	2.80%	-	-	-	-
Loans to customers							
▪ VND	11.13%	9.49%	8.88%	9.80%	10.01%	9.56%	10.23%
▪ Foreign currencies	5.74%	3.81%	3.44%	4.84%	4.12%	4.01%	-
Investment securities							
▪ VND	-	5.70%	6.67%	5.78%	6.21%	5.82%	6.10%
Liabilities							
Borrowings from the SBV							
▪ VND	-	3.50%	3.50%	3.50%	3.50%	-	-
Deposits and borrowings from other credit institutions							
▪ VND	-	5.18%	4.51%	-	-	-	-
▪ Foreign currencies	-	2.83%	2.95%	-	-	-	-
Deposits from customers							
▪ VND	-	5.79%	6.35%	7.17%	7.57%	8.03%	6.58%
▪ Foreign currencies	-	0.07%	0.05%	0.05%	0.02%	-	-

Interest rate sensitivity analysis

The Group did not perform sensitivity analysis for interest rates as at 30 June 2019 and 31 December 2018 due to lack of input data and information.

(ii) Currency risk

Currency risk is the risk arising from changes in foreign exchange rates to VND, the Group's accounting currency, which may affect the value of the financial instruments or may cause volatility in the Group's earnings. The Group manages currency risk by setting limits on currency exposure. These limits include open position limit, open position limit for each currency.

The main trading currency of the Group is VND. Financial assets and liabilities of the Group are denominated mainly in VND, partially in USD, EUR and gold. The Group sets limits on position of each currency. The currency position is monitored daily to ensure that the currency position is within the set limit.

The followings are the significant exchange rates applied by the Group at the end of the accounting period:

	Exchange rate as at	
	30/6/2019	**31/12/2018**
USD/VND	23,295	23,220
EUR/VND	26,482	26,567
XAU/VND (one tenth of a tael)	3,877,500	3,642,000
GBP/VND	29,569	29,450
CHF/VND	23,868	23,595
CAD/VND	17,802	17,036
AUD/VND	16,354	16,359
SGD/VND	17,228	16,995
NZD/VND	15,656	15,580
HKD/VND	2,982	2,964
NOK/VND	2,695	2,668
THB/VND	762	717
JPY/VND	216	208

As at 30 June 2019	**VND** **VND million**	**USD** **VND million**	**Gold** **VND million**	**EUR** **VND million**	**Other currencies** **VND million**	**Total** **VND million**
Assets						
Cash on hand, gold	1,126,102	4,964,845	407,373	83,642	244,366	6,826,328
Balances with the SBV	2,769,676	449,131	-	-	-	3,218,807
Deposits with and loans to other credit institutions	9,919,262	8,348,973	-	373,415	447,961	19,089,611
Loans to customers – gross	95,873,327	10,052,897	29,461	18,686	-	105,974,371
Investment securities – gross	20,592,695	-	-	-	-	20,592,695
Fixed assets	3,492,897	-	-	-	-	3,492,897
Other assets – gross	3,462,675	60,858	68	543	77	3,524,221
Total assets (1)	**137,236,634**	**23,876,704**	**436,902**	**476,286**	**692,404**	**162,718,930**
Liabilities and owners' equity						
Borrowings from the SBV	967,102	-	-	-	-	967,102
Deposits and borrowings from other credit institutions	2,437,144	7,584,865	-	238,371	34	10,260,414
Deposits from customers	123,189,405	5,342,053	-	239,276	486,972	129,257,706
Derivatives and other financial liabilities	(7,187,290)	7,147,364	-	8	54,206	14,288
Other liabilities	3,358,561	209,901	-	904	19,232	3,588,598
Owners' equity	15,503,391	-	-	-	-	15,503,391
Total liabilities and owners' equity (2)	**138,268,313**	**20,284,183**	**-**	**478,559**	**560,444**	**159,591,499**
FX position on-balance sheet [(3)=(1)-(2)]	**(1,031,679)**	**3,592,521**	**436,902**	**(2,273)**	**131,960**	**3,127,431**
FX position off-balance sheet (4)	**2,542,288**	**(2,128,459)**	**(263,476)**	**265**	**(126,409)**	**24,209**
FX position on and off-balance sheet [(5)=(3)+(4)]	**1,510,609**	**1,464,062**	**173,426**	**(2,008)**	**5,551**	**3,151,640**

As at 31 December 2018	VND VND million	USD VND million	Gold VND million	EUR VND million	Other currencies VND million	Total VND million
Assets						
Cash on hand, gold	1,029,108	624,517	152,692	129,738	420,143	2,356,198
Balances with the SBV	5,898,408	513,717	-	-	-	6,412,125
Deposits with and loans to other credit institutions	11,537,834	6,531,385	-	616,020	365,625	19,050,864
Loans to customers – gross	94,277,470	9,727,397	29,380	8,330	-	104,042,577
Investment securities – gross	17,173,320	-	-	-	-	17,173,320
Capital contribution, long-term investments – gross	110,566	-	-	-	-	110,566
Fixed assets	3,558,890	-	-	-	-	3,558,890
Other assets – gross	3,634,572	59,832	77	236	-	3,694,717
Total assets (1)	**137,220,168**	**17,456,848**	**182,149**	**754,324**	**785,768**	**156,399,257**
Liabilities and owners' equity						
Borrowings from the SBV	49,327	-	-	-	-	49,327
Deposits and borrowings from other credit institutions	4,305,811	11,279,960	-	425,106	187	16,011,064
Deposits from customers	111,842,943	5,963,665	-	317,482	569,779	118,693,869
Derivatives and other financial liabilities	(4,377,720)	4,368,515	-	-	68,463	59,258
Other liabilities	2,704,465	244,134	-	3,698	2,714	2,955,011
Owners' equity	14,883,534	-	-	-	-	14,883,534
Total liabilities and owners' equity (2)	**129,408,360**	**21,856,274**	**-**	**746,286**	**641,143**	**152,652,063**
FX position on-balance sheet [(3)=(1)-(2)]	**7,811,808**	**(4,399,426)**	**182,149**	**8,038**	**144,625**	**3,747,194**
FX position off-balance sheet (4)	**(3,024,354)**	**3,202,262**	**(18,939)**	**(8,767)**	**(142,187)**	**8,015**
FX position on and off-balance sheet [(5)=(3)+(4)]	**4,787,454**	**(1,197,164)**	**163,210**	**(729)**	**2,438**	**3,755,209**

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

	Effect to profit after tax Increase/(decrease) VND million
As at 30 June 2019	
USD (strengthening by 1%)	11,712
EUR (weakening by 1%)	16
XAU (strengthening by 6%)	8,324
As at 31 December 2018	
USD (strengthening by 2%)	(19,155)
EUR (weakening by 2%)	12
XAU (strengthening by 1%)	1,306

(iii) Equity price risk

Equity price risk is the risk that the market value of securities decreases due to changes in price of individual securities. Equity price risk derives from available-for-sale equity securities of the Group.

Available-for-sale equity securities of the Group bear the equity price risk resulting from the uncertainties in fluctuation of equity price in the future of these securities. The Group manages the equity price risk by diversification and prudence in selection of investment securities within the approved limit.

As at 30 June 2019 and 31 December 2018, the impact of equity price risk of the Group is insignificant because the Group holds insignificant available-for-sale equity securities at the reporting date.

(d) Liquidity risk

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

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

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

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

- Balances with the SBV are classified as demand deposits, in which compulsory reserve is included. The balance of compulsory reserve depends on elements and term of deposits from customers of the Group.
- The maturity of deposits with and loans to other credit institutions, derivatives and other financial assets and loans to customers are determined based on the contractual maturity date. The actual maturity date can be changed as the loan contracts are extended.
- The maturity of investment securities is based on the maturity date of each securities.
- The maturity of capital contribution, long-term investments is categorised as over 5 years because these investments do not have exact maturity date and the Group has intention to hold them for long-term.
- The maturity of fixed assets is determined by the remaining useful lives of assets.
- The maturity of deposits and borrowings from other credit institutions and deposits from customers is determined based on the characteristic of each item or the maturity date specified in the contracts. Demand deposits from other credit institutions and customers are performed at requests of customers and categorised as call deposits. The maturity period of borrowings and term deposits are determined based on contractual maturity date. In reality, the actual maturities of those liabilities may be longer than the original contractual terms due to rollover.

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

As at 30 June 2019	Overdue		Current					
	Overdue over 3 months VND million	Overdue up to 3 months VND million	Up to 1 month VND million	Over 1 to 3 months VND million	Over 3 to 12 months VND million	Over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets								
Cash on hand, gold	-	-	6,826,328	-	-	-	-	6,826,328
Balances with the SBV	-	-	3,218,807	-	-	-	-	3,218,807
Deposits with and loans to other credit institutions	-	-	18,643,611	446,000	-	-	-	19,089,611
Loans to customers – gross	1,875,058	618,364	5,487,022	17,286,934	22,782,213	12,769,957	45,154,823	105,974,371
Investment securities – gross	-	-	2,220,425	351,210	4,631,183	6,763,335	6,626,542	20,592,695
Fixed assets	-	-	1,982	72	6,148	203,975	3,280,720	3,492,897
Other assets – gross	6,052	380,699	1,700,466	31,389	271,351	1,134,264	-	3,524,221
Total assets (1)	**1,881,110**	**999,063**	**38,098,641**	**18,115,605**	**27,690,895**	**20,871,531**	**55,062,085**	**162,718,930**
Liabilities								
Borrowings from the SBV	-	-	924,881	-	42,221	-	-	967,102
Deposits and borrowings from other credit institutions	-	-	8,018,707	1,403,088	838,619	-	-	10,260,414
Deposits from customers	-	-	40,752,837	23,899,971	57,570,726	7,033,977	195	129,257,706
Derivatives and other financial liabilities	-	-	14,288	-	-	-	-	14,288
Other liabilities	-	-	3,010,524	53,480	392,737	131,857	-	3,588,598
Total liabilities (2)	**-**	**-**	**52,721,237**	**25,356,539**	**58,844,303**	**7,165,834**	**195**	**144,088,108**
Net liquidity gap [(3)=(1)-(2)]	**1,881,110**	**999,063**	**(14,622,596)**	**(7,240,934)**	**(31,153,408)**	**13,705,697**	**55,061,890**	**18,630,822**

As at 31 December 2018	**Overdue**		**Current**					
	Overdue over 3 months VND million	**Overdue up to 3 months VND million**	**Up to 1 month VND million**	**Over 1 to 3 months VND million**	**Over 3 to 12 months VND million**	**Over 1 to 5 years VND million**	**Over 5 years VND million**	**Total VND million**
Assets								
Cash on hand, gold	-	-	2,356,198	-	-	-	-	2,356,198
Balances with the SBV	-	-	6,412,125	-	-	-	-	6,412,125
Deposits with and loans to other credit institutions	-	-	16,556,762	2,494,102	-	-	-	19,050,864
Loans to customers – gross	1,921,009	626,702	7,965,227	16,117,635	21,547,993	13,136,764	42,727,247	104,042,577
Investment securities – gross	-	-	225,957	652,139	3,364,043	9,115,914	3,815,267	17,173,320
Capital contribution, long-term investments – gross	-	-	-	-	-	-	110,566	110,566
Fixed assets	-	-	11	481	5,406	189,884	3,363,108	3,558,890
Other assets – gross	314,060	-	1,561,886	99,067	370,762	1,348,942	-	3,694,717
Total assets (1)	**2,235,069**	**626,702**	**35,078,166**	**19,363,424**	**25,288,204**	**23,791,504**	**50,016,188**	**156,399,257**
Liabilities								
Borrowings from the SBV	-	-	3,422	24,384	21,521	-	-	49,327
Deposits and borrowings from other credit institutions	-	-	7,095,818	6,470,180	2,445,066	-	-	16,011,064
Deposits from customers	-	-	36,420,920	29,190,609	40,046,136	13,035,923	281	118,693,869
Derivatives and other financial liabilities	-	-	59,258	-	-	-	-	59,258
Other liabilities	-	-	2,559,993	53,652	215,906	125,460	-	2,955,011
Total liabilities (2)	**-**	**-**	**46,139,411**	**35,738,825**	**42,728,629**	**13,161,383**	**281**	**137,768,529**
Net liquidity gap [(3)=(1)-(2)]	**2,235,069**	**626,702**	**(11,061,245)**	**(16,375,401)**	**(17,440,425)**	**10,630,121**	**50,015,907**	**18,630,728**

(*) These amounts are calculated on the basis of customer balances instead of loan drawdown balances.

(e) Fair value versus carrying amount

Fair value is the amount for which is appropriately determined in accordance with market value that would be received to sell an asset or paid to transfer a liability at the measurement date.

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the consolidated balance sheet at the end of the accounting period, are as follows:

	30/6/2019		31/12/2018	
	Carrying amount VND million	Fair value VND million	Carrying amount VND million	Fair value VND million
Categorised as held-to-maturity investments:				
- Government bonds/treasury bills without quoted prices	3,143,061	(*)	200,612	(*)
- Other held-to-maturity securities	4,274,455	(*)	4,426,291	(*)
Categorised as loans and receivables:				
- Cash on hand, gold	6,826,328	6,826,328	2,356,198	2,356,198
- Balances with the SBV	3,218,807	(*)	6,412,125	(*)
- Deposits with and loans to other credit institutions	19,089,611	(*)	19,050,864	(*)
- Loans to customers	104,954,737	(*)	102,971,210	(*)
- Receivables	479,151	(*)	535,103	(*)
- Accrued interest and fees receivable	1,080,625	(*)	1,188,031	(*)
Categorised as available-for-sale financial assets:				
- Government bonds with quoted prices	990,648	990,648	1,376,756	1,377,239
- Shares with quoted prices	116,937	116,937	40,692	40,692
- Government bonds without quoted prices	9,132,776	(*)	8,857,626	(*)
- Bonds issued by domestics institutions without quoted prices	1,250,000	(*)	-	(*)

	30/6/2019		31/12/2018	
	Carrying amount VND million	Fair value VND million	Carrying amount VND million	Fair value VND million
Categorised as financial liabilities at fair value through profit or loss:				
- Derivatives and other financial liabilities	(14,288)	(*)	(59,258)	(*)
Categorised as financial liabilities carried at amortised cost:				
- Borrowings from the SBV	(967,102)	(*)	(49,327)	(*)
- Deposits and borrowings from other credit institutions	(10,260,414)	(*)	(16,011,064)	(*)
- Deposits from customers	(129,257,706)	(*)	(118,693,869)	(*)
- Accrued interest and fees payable	(2,534,044)	(*)	(2,190,807)	(*)
- Other liabilities	(910,346)	(*)	(606,194)	(*)

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

38. Segment reporting

(a) Primary segment reporting

Information on primary segment reporting by geographical areas of the Group is presented as following:

	Six-month period ended 30/6/2019				
	The Northern VND million	**The Central VND million**	**The Southern VND million**	**Elimination VND million**	**Total VND million**
I. Income					
1. Interest income					
Interest income from external transactions	619,861	692,082	4,103,702	-	5,415,645
Interest income from internal transactions	862,669	321,533	7,292,325	(8,476,527)	-
2. Fees and commission income	31,750	17,423	283,666	-	332,839
3. Income from other activities	19,334	12,132	499,592	-	531,058
II. Expenses					
1. Interest expense					
Interest expense from external transactions	(702,055)	(264,975)	(2,785,029)	-	(3,752,059)
Interest expense from internal transactions	(565,827)	(575,341)	(7,335,359)	8,476,527	-
2. Depreciation expense	(10,575)	(7,387)	(62,449)	-	(80,411)
3. Operating expenses	(180,724)	(115,395)	(1,431,719)	-	(1,727,838)
Operating profit before allowance expenses	**74,433**	**80,072**	**564,729**	-	**719,234**
Allowance expenses	**23,684**	**(8,341)**	**27,960**	-	**43,303**
Segment profit before corporate income tax	**98,117**	**71,731**	**592,689**	-	**762,537**

	As at 30 June 2019				
	The Northern VND million	The Central VND million	The Southern VND million	Elimination VND million	Total VND million
Assets					
Cash on hand, gold	580,584	932,721	5,313,023	-	6,826,328
Fixed assets	24,049	6,519	3,462,329	-	3,492,897
Other assets	25,412,872	14,060,193	120,358,809	(10,559,600)	149,272,274
Liabilities					
External payables	(25,296,928)	(9,424,837)	(105,763,457)	-	(140,485,222)
Internal payables	(101)	(146)	(4,918)	-	(5,165)
Other liabilities	(622,359)	(5,502,719)	(8,032,243)	10,559,600	(3,597,721)

	Six-month period ended 30/6/2018				
	The Northern VND million	The Central VND million	The Southern VND million	Elimination VND million	Total VND million
I. Income					
1. Interest income					
Interest income from external transactions	650,459	542,237	3,522,987	-	4,715,683
Interest income from internal transactions	651,689	290,663	6,513,779	(7,456,131)	-
2. Fees and commission income	33,146	14,981	258,960	-	307,087
3. Income from other activities	22,868	10,188	694,515	-	727,571
II. Expenses					
1. Interest expense					
Interest expense from external transactions	(511,919)	(239,967)	(2,459,688)	-	(3,211,574)
Interest expense from internal transactions	(593,190)	(472,166)	(6,390,775)	7,456,131	-
2. Depreciation expense	(8,710)	(5,325)	(48,124)	-	(62,159)
3. Operating expenses	(167,670)	(102,261)	(1,113,808)	-	(1,383,739)
Operating profit before allowance expenses	**76,673**	**38,350**	**977,846**	**-**	**1,092,869**
Allowance expenses	**(27,884)**	**(3,054)**	**(140,268)**	**-**	**(171,206)**
Segment profit before corporate income tax	**48,789**	**35,296**	**837,578**	**-**	**921,663**

	As at 31 December 2018				
	The Northern VND million	**The Central VND million**	**The Southern VND million**	**Elimination VND million**	**Total VND million**
Assets					
Cash on hand, gold	461,718	287,915	1,606,565	-	2,356,198
Fixed assets	26,597	7,602	3,524,691	-	3,558,890
Other assets	20,858,059	13,426,471	119,184,307	(6,731,862)	146,736,975
Liabilities					
External payables	(21,028,094)	(8,632,337)	(105,826,476)	732,647	(134,754,260)
Internal payables	(86)	(34)	(8,197)	-	(8,317)
Other liabilities	(479,162)	(4,995,501)	(2,574,011)	5,042,722	(3,005,952)

(b) Secondary segment reporting

The Group primarily operates in one business segment which is commercial banking.

39. Commitments

(a) Capital expenditure commitments

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

	30/6/2019 VND million	**31/12/2018 VND million**
Approved and contracted	66,984	67,995

(b) Lease commitments

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

	30/6/2019 VND million	31/12/2018 VND million
Within one year	170,719	157,914
Over one year to five years	207,566	213,466
More than five years	37,126	18,348
	415,411	389,728

40. Major outstanding claims

The Group currently has two major claims including:

(i) The claim from one (01) customer whose saving deposits at Ho Chi Minh City Branch of the Bank being misappropriated amounting to VND245,000 million as notified by this customer. On 28 June 2018, the Investigation Police Agency of the Ministry of Public Security ("C44B") issued the following decisions:

- Decision No. 01/C44B-P5 on separation of "Irresponsibility causing damage to the assets of the State, agencies, organisations and enterprises" case from "Fraudulent appropriation of assets" case;
- Decision No. 02/C44B-P on suspension of "Fraudulent appropriation of assets" case; and
- Decision No. 02/C44B5-P5 on suspension of the investigation against the former Deputy Manager of Ho Chi Minh City Branch of the Bank.

For "Irresponsibility causing damage to the property of the State, agencies, organisations and enterprises" case, C44B issued the Investigation Conclusion and transferred the case documents in conjunction with the Conclusion to the Supreme People's Procuracy in order to propose the prosecution of the defendants involved.

On 23 November 2018, the People's Court of Ho Chi Minh City issued the first verdict, whereby the Bank is responsible for repaying both principal and interest of the deposits from this customer amounting to VND393,732 million. The customer withdrew a partial principal and interest amounting to VND59,882 million on 21 June 2017 and accordingly the Bank has to repay the remaining amount of VND333,850 million including VND245,060 million of principal and VND88,790 million of interest to this customer. Also according to the first verdict, the civil liability of the former Deputy Manager of Ho Chi Minh City Branch will be decided when he is in custody. On 7 December 2018, the Bank filed an appeal against the first verdict regarding the civil liability of the Bank toward the customers. On 19 April 2019, the People's Court of Ho Chi Minh City issued an appellate judgment and accordingly did not accept the Bank's appeal that the customer being held responsible partially for the aforementioned misappropriated amount and, at the same time, agreed with the customer's appeal that the Bank has to repay any unsettled interest at the interest rate applied to ordinary customers in accordance with interest rate notices issued by the Bank plus an interest penalty on late settlement of deposits. Accordingly, the unpaid interest and late payment interest for this customer is VND115,409 million. On 23 April 2019, the Bank fully paid all unsettled interest.

At the issuance date of these consolidated interim financial statements, the Group made full provision for the principal and associated interest of deposits of this customer (see Note 14(ii)).

(ii) The claim from six (06) customers whose saving deposits at Do Luong Transaction Office – Vinh Branch of the Bank being misappropriated amounting to VND50 billion as notified by these customers and in this case there was suspicion of defrauding acts of an ex-employee of Do Luong Transaction Office of Vinh Branch of the Bank. On 16 July 2018, the People's Court of Nghe An Province issued first verdict No. 86/2018/HS-ST on this claim. Accordingly, the ex-employee of Do Luong Transaction Office – Vinh Branch has to repay VND41,259 million to the Bank and the Bank has to repay the saving deposits to the six customers who were involved in this claim at the same amount of VND41,259 million. At the same time, the Bank has the right to collect VND6,950 million from two (02) of the six (06) customers, VND13,500 million from three (03) other individuals who were involved in this claim and to dispose assets of the ex-employee of Do Luong Transaction Office – Vinh Branch for debt recovery including a land use right at Vinh City, Nghe An Province and VND3 million in her savings account at the Bank.

At the issuance date of these consolidated financial statements, the Group did not file any appeal against the Court's first verdict, however, the two defendants including a former Manager of Do Luong Transaction Office – Vinh Branch and a former Deputy Manager of Do Luong Transaction Office – Vinh Branch have appealed. In addition, an individual who has rights and obligations related to the claim and one of the six customers have also appealed. This claim is awaiting the competent authorities to resolve in accordance with prevailing laws and regulations. At the issuance date of these consolidated financial statements, the Group made an allowance amounting to VND27,839 million for the VND34,261 million receivable from this former employee (see Note14 (ii)).

41. Seasonality or cyclical factors

The Group's consolidated interim financial statements are not affected by seasonality or cyclical factors except for the following items:

(a) Foreign exchange differences

As described in Note 3(a) and Note 3(d), unrealised foreign exchange differences are recorded in "Foreign exchange differences" account in Equity. The balance of the foreign exchange differences shall be transferred to the consolidated statement of income at the end of the annual accounting period. As at 30 June 2019, if the Group transferred the foreign exchange differences to the consolidated statement of income, profit before tax of the Group for the six-month period ended 30 June 2019 would have increased by VND9,285 million.

(b) Additional allowances for VAMC special bonds

The Group has not made additional allowances for VAMC special bonds in respect of the excess between the Bank's actual pre-tax results and the budgeted pre-tax results which have been reported to the SBV (the Bank's actual pre-tax results is greater than the budgeted pre-tax results as reported to the SBV) for the year ending 31 December 2019 because the excess can not be estimated reliably at the date of these consolidated interim financial statements.

(c) Corporate income tax

In accordance with the current tax regulations, corporate income tax is computed and finalised at the end of the annual accounting period. The corporate income tax for the six-month period ended 30 June 2019 is calculated by applying the tax rate of 20% to the profit before tax of the Group for the six-month period ended 30 June 2019.

(d) Employees' bonus

The Bank has not accrued year-end bonus to its employees because this amount could not be estimated reliably as at 30 June 2019.

(e) Remunerations of the Board of Directors and Board of Supervisors

The Group has not accrued remunerations to the Board of Directors and Board of Supervisors because this amount could not be estimated reliably as at 30 June 2019.

(f) Statutory reserves

The Group is required to make allocations to reserve to supplement charter capital and financial reserve annually. The Group will make appropriations to these statutory reserves at the end of the annual accounting period.

(g) Profit distribution

The distribution of 2019 profit, if any, will be announced in the remaining quarters of 2019.

42. Changes in accounting estimates

There was no significant change in accounting estimates adopted in the preparation of these consolidated interim financial statements in comparison with those adopted in the preparation of the most recent consolidated annual financial statements.

43. Unusual items

Except for seasonality or cyclical factors as described in Note 41, there was no significant unusual item incurred during the six-month period ended 30 June 2019.

44. Changes in the Group's structure

From 1 January 2019 to the issuance date of these consolidated interim financial statements, there was no significant change in the Group's structure.

28 August 2019

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