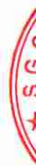




**Kien Long Commercial Joint Stock Bank**

Consolidated Financial Statements for the year ended  
31 December 2014



## Kien Long Commercial Joint Stock Bank

### Bank Information

#### Establishment and Operation Licence No.

0056/NH-GP

18 September 1995

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.

1700197787

10 October 1995

The Business Registration Certificate has been amended several times, the most recent of which is Business Registration Certificate No. 1700197787 dated 18 December 2014 and was issued by the Department of Planning and Investment of Kien Giang Province.

#### Board of Management

Mr. Vo Quoc Thang	Chairman
Mr. Mai Huu Tin	Vice Chairman
Mr. Pham Tran Duy Huyen	Member
Mr. Bui Thanh Hai	Member
Mr. Vo Van Chau	Member
	(from 15 April 2014)
Ms. Nguyen Thuy Quynh Huong	Member
	(from 15 April 2014)
Mr. Tran Phat Minh	Member
	(until 15 April 2014)

#### Board of Directors

Mr. Vo Van Chau	General Director
	(from 12 December 2014)
	Acting General Director
	(from 13 October 2014 to
	11 December 2014)
Mr. Pham Khac Khoan	General Director
	(until 12 October 2014)
Mr. Nguyen Quang Toan	Deputy General Director
Mr. Vu Duc Can	Deputy General Director
Mr. Le Trung Viet	Deputy General Director
Mr. Nguyen Chau	Deputy General Director
	(from 2 July 2014)
Ms. Tran Tuan Anh	Deputy General Director
	(from 2 July 2014)

#### Registered Office

16 – 18 Pham Hong Thai  
Vinh Thanh Van Ward, Rach Gia City  
Kien Giang Province, Vietnam

#### Auditors

KPMG Limited  
Vietnam

## **Kien Long Commercial Joint Stock Bank Statements of Board of Directors**

The Bank's Board of Directors is responsible for the preparation and fair presentation of the consolidated 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 financial reporting. In the opinion of the Bank's Board of Directors:

- (a) the consolidated financial statements set out on pages 5 to 90 give a true and fair view of the consolidated financial position of Kien Long Commercial Joint Stock Bank ("the Bank") and its subsidiary (together referred to as "the Group") as at 31 December 2014, and of the consolidated results of operations and the consolidated cash flows of the Bank for the year 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 financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Bank's Board of Directors will not be able to pay its debts as and when they fall due.

The Bank's Board of Directors has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.

On behalf of the Bank's Board of Directors



*Võ Văn Châu*  
*General Director*

Ho Chi Minh City, 30 March 2015



**KPMG Limited Branch**  
10<sup>th</sup> Floor, Sun Wah Tower  
115 Nguyen Hue Street  
District 1, Ho Chi Minh City  
The Socialist Republic of Vietnam

Telephone +84 (8) 3821 9266  
Fax +84 (8) 3821 9267  
Internet [www.kpmg.com.vn](http://www.kpmg.com.vn)

## **INDEPENDENT AUDITORS' REPORT**

### **To the Shareholders Kien Long Commercial Joint Stock Bank**

We have audited the accompanying consolidated financial statements of Kien Long Commercial Joint Stock Bank ("the Bank") and its subsidiary (together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2014, the consolidated statements of income and consolidated cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Directors on 30 March 2015, as set out on pages 5 to 90.

### **The Board of Directors's Responsibility**

The Bank's Board of Directors is responsible for the preparation and fair presentation of these consolidated 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 financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

## Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Kien Long Commercial Joint Stock Bank and its subsidiary as at 31 December 2014 and of their consolidated results of operations and their consolidated cash flows for the year 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 financial reporting.

## Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2013 were audited by another firm of auditors whose report dated 10 March 2014 expressed an unqualified opinion on those statements.

### KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Operating registration certificate No.: 4114000230

Audit Report No.: 14-01-425/1



Nguyễn Khanh Nghi  
Practicing Auditor Registration  
Certificate No. 0304-2013-007-1  
Deputy General Director

Ho Chi Minh City, 30 March 2015



Tran Dinh Vinh  
Practicing Auditor Registration  
Certificate No. 0339-2013-007-1

	Note	31/12/2014 VND	31/12/2013 VND
<b>A ASSETS</b>			
<b>I Cash on hand and gold</b>	<b>5</b>	<b>140,564,992,881</b>	<b>105,652,797,636</b>
<b>II Balances with the State Bank of Vietnam</b>	<b>6</b>	<b>622,869,095,680</b>	<b>500,116,724,241</b>
<b>III Deposits with and loans to other credit institutions</b>	<b>7</b>	<b>3,422,209,781,203</b>	<b>3,459,029,208,637</b>
1 Deposits		2,681,138,281,203	1,459,029,208,637
2 Loans		741,071,500,000	2,000,000,000,000
<b>V Derivatives and other financial assets</b>	<b>8</b>	<b>-</b>	<b>326,745,340</b>
<b>VI Loans and advances to customers</b>		<b>13,389,966,524,994</b>	<b>12,003,522,481,171</b>
1 Loans and advances to customers	9	13,526,466,502,377	12,128,627,461,522
2 Allowance for loans and advances to customers	10	(136,499,977,383)	(125,104,980,351)
<b>VII Investment securities</b>	<b>11</b>	<b>3,039,749,303,155</b>	<b>3,377,345,772,534</b>
1 Available-for-sale securities		2,724,820,059,845	2,732,043,797,523
2 Held-to-maturity securities		361,202,170,712	703,385,725,011
3 Allowance for diminution in value of investment securities		(46,272,927,402)	(58,083,750,000)
<b>VII Capital contribution, long-term investments</b>			
<b>I</b>	<b>12</b>	<b>46,199,100,000</b>	<b>69,521,100,000</b>
4 Other long-term investments		46,199,100,000	69,521,100,000
<b>IX Fixed assets</b>		<b>958,094,136,362</b>	<b>661,720,877,267</b>
1 Tangible fixed assets	13	246,420,850,473	133,018,604,858
a Cost		308,655,962,312	176,243,293,854
b Accumulated depreciation		(62,235,111,839)	(43,224,688,996)
3 Intangible fixed assets	14	711,673,285,889	528,702,272,409
a Cost		732,919,509,366	542,366,880,866
b Accumulated amortisation		(21,246,223,477)	(13,664,608,457)
<b>XI Other assets</b>		<b>1,484,272,634,125</b>	<b>1,194,553,215,733</b>
1 Receivables	15	429,443,811,729	326,194,352,416
2 Accrued interest and fees receivable		931,507,586,581	808,077,575,588
4 Other assets	16	123,321,235,815	60,281,287,729
<b>TOTAL ASSETS</b>		<b>23,103,925,568,400</b>	<b>21,371,788,922,559</b>

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



	Note	31/12/2014 VND	31/12/2013 VND
<b>B</b>			
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>II</b>			
Deposits and borrowings from other credit institutions	17	2,781,982,656,399	3,627,404,022,212
1 Deposits		1,767,869,731,607	1,335,728,022,212
2 Borrowings		1,014,112,924,792	2,291,676,000,000
<b>III</b>			
Deposits from customers	18	16,570,527,274,744	13,303,626,908,749
<b>IV</b>			
Derivatives and other financial liabilities	8	7,004,652,427	-
<b>V</b>			
Financed, entrusted and borrowed funds bore risks by the Bank		-	78,754,950,033
<b>VI</b>			
Valuable papers issued		-	500,000,000,000
<b>VII</b>			
Other liabilities		380,303,871,307	386,297,269,204
1 Accrued interest and fees payable		290,984,323,840	296,975,803,483
3 Other liabilities	19	89,319,547,467	88,710,724,543
4 Provision for off-balance sheet commitments	20	-	610,741,178
<b>TOTAL LIABILITIES</b>		<b>19,739,818,454,877</b>	<b>17,896,083,150,198</b>
<b>EQUITY</b>			
<b>VIII</b>			
Capital and reserves	21	3,364,107,113,523	3,475,705,772,361
1 Capital		2,965,800,000,000	2,965,800,000,000
a Charter capital		3,000,000,000,000	3,000,000,000,000
d Treasury shares		(34,200,000,000)	(34,200,000,000)
2 Reserves		215,924,137,840	179,184,944,641
5 Retained profits		182,382,975,683	330,720,827,720
<b>TOTAL EQUITY</b>		<b>3,364,107,113,523</b>	<b>3,475,705,772,361</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>23,103,925,568,400</b>	<b>21,371,788,922,559</b>

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

Kien Long Commercial Joint Stock Bank  
 16 – 18 Pham Hong Thai, Vinh Thanh Van Ward  
 Rach Gia City, Kien Giang Province, Vietnam  
 Consolidated balance sheet as at 31 December 2014 (continued)

Form B02/TCTD - HN  
 (Issued in accordance with Decision No.  
 16/2007/QĐ-NHNN dated 18 April 2007 of  
 the Governor of the State Bank of Vietnam)

	Note	31/12/2014 VND	31/12/2013 VND
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>I</b>	<b>CONTINGENT LIABILITIES</b>	<b>140,091,935,336</b>	<b>70,397,559,043</b>
1	Letters of credit commitments	124,524,033,170	25,486,453,722
2	Other guarantees	15,567,902,166	44,911,105,321

30 March 2015

Prepared by:

*Thi Duyen*

Thi Duyen  
Accountant

Approved by:

*Pham Thi My Chi*

Pham Thi My Chi  
Chief Accountant



*Vo Van Chau*  
General Director

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



		Note	2014 VND	2013 VND
1	Interest and similar income	23	2,094,846,122,923	2,389,127,368,645
2	Interest and similar expenses	23	(1,301,128,861,072)	(1,354,768,346,351)
<b>I</b>	<b>Net interest income</b>	<b>23</b>	<b>793,717,261,851</b>	<b>1,034,359,022,294</b>
3	Fee and commission income	24	6,002,993,594	7,018,460,719
4	Fee and commission expenses	24	(6,365,795,871)	(6,342,101,822)
<b>II</b>	<b>Net fee and commission (expenses)/income</b>	<b>24</b>	<b>(362,802,277)</b>	<b>676,358,897</b>
<b>III</b>	<b>Net (loss)/profit from trading of foreign currencies</b>	<b>25</b>	<b>(1,245,521,452)</b>	<b>428,514,275</b>
<b>V</b>	<b>Net profit/(loss) from trading of investment securities</b>	<b>26</b>	<b>965,986,633</b>	<b>(58,179,576,064)</b>
5	Other income	27	23,206,567,969	14,746,259,555
6	Other expenses	27	(19,049,644,018)	(1,478,764,449)
<b>VI</b>	<b>Net other income</b>	<b>27</b>	<b>4,156,923,951</b>	<b>13,267,495,106</b>
<b>VII</b>	<b>Income from capital contribution, long-term investments</b>	<b>28</b>	<b>4,284,675,000</b>	<b>72,872,522,591</b>
<b>VIII</b>	<b>Operating expenses</b>	<b>29</b>	<b>(525,316,001,974)</b>	<b>(587,586,861,106)</b>
<b>IX</b>	<b>Operating profit before allowance and provision expenses for credit losses</b>		<b>276,200,521,732</b>	<b>475,837,475,993</b>
<b>X</b>	<b>Allowance and provision expenses for credit losses</b>	<b>10, 20</b>	<b>(42,489,037,491)</b>	<b>(82,430,186,389)</b>
<b>XI</b>	<b>Profit before tax (carried forward to next page)</b>		<b>233,711,484,241</b>	<b>393,407,289,604</b>

Kien Long Commercial Joint Stock Bank  
 16 – 18 Pham Hong Thai, Vinh Thanh Van Ward  
 Rach Gia City, Kien Giang Province, Vietnam  
 Consolidated statement of income for the year ended  
 31 December 2014 (continued)

Form B03/TCTD - HN  
 (Issued in accordance with Decision No.  
 16/2007/QĐ-NHNN dated 18 April 2007 of  
 the Governor of the State Bank of Vietnam)

	Note	2014 VND	2013 VND
XI Profit before tax (brought forward from previous page)		233,711,484,241	393,407,289,604
7 Income tax expense - current	30	(57,798,822,191)	(79,980,582,610)
8 Income tax expense - deferred	30	-	-
XII Total income tax expense	30	(57,798,822,191)	(79,980,582,610)
XIII Profit after tax		175,912,662,050	313,426,706,994
XV Earnings per share	31	593	1,058

30 March 2015


Prepared by:

  
 Thi Duyen  
 Accountant

Approved by:

  
 Pham Thi My Chi  
 Chief Accountant



  
 Vo Van Chau  
 General Director

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

		2014 VND	2013 VND (reclassified)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Interest and similar income received	1,971,416,111,930	2,386,280,825,403
02	Interest and similar expenses paid	(1,307,120,340,715)	(1,293,485,059,847)
03	Net fee and commission (expenses paid)/income received	(362,802,277)	676,358,897
04	Net receipts/(payments) from foreign currencies, gold and securities trading activities	(279,534,819)	337,723,887
05	Other expenses paid	(5,591,231,166)	(95,851,750,652)
06	Collection of bad debts previously written-off	3,996,090,877	-
07	Salaries and operating expenses paid	(490,033,881,922)	(561,480,124,632)
08	Income tax paid	(44,711,687,141)	(156,953,221,149)
	<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>127,312,724,767</b>	<b>279,524,751,907</b>
<b>Changes in operating assets</b>			
09	Deposits with and loans to other credit institutions	85,000,000,000	1,415,000,000,000
10	Investment securities	337,596,469,379	437,087,728,136
11	Derivatives and other financial assets	326,745,340	(326,745,340)
12	Loans and advances to customers	(1,397,839,040,855)	(2,445,150,230,873)
13	Utilisation of allowance for loans and advances to customers	(31,704,781,637)	-
14	Other assets	(52,371,060,885)	(287,904,741,247)
<b>Changes in operating liabilities</b>			
16	Deposits and borrowings from other credit institutions	(845,421,365,813)	619,913,531,919
17	Deposits from customers	3,266,900,365,995	2,652,129,935,061
18	Valuable papers issued	(500,000,000,000)	(500,000,000,000)
19	Financed, entrusted and borrowed funds bore risks by the Bank	(78,754,950,033)	(23,701,608,467)
20	Derivatives and other financial liabilities	7,004,652,427	-
21	Other liabilities	(18,314,883,973)	23,780,646,594
22	Utilisations of reserves	(20,931,320,888)	(16,009,323,209)
<b>I</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>878,803,553,824</b>	<b>2,154,343,944,481</b>

	2014 VND	2013 VND (reclassified)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
01 Payments for additions of fixed assets and other long-term assets	(445,601,103,895)	(100,214,018,879)
02 Proceeds from disposals of fixed assets	11,616,014,321	-
08 Receipts/(payments) from investment, capital contribution in other entities	23,322,000,000	(650,009,201)
09 Receipts of dividends and distributions from long-term investments, capital contribution	4,284,675,000	722,531,792
<b>II NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(406,378,414,574)</b>	<b>(100,141,496,288)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
04 Dividends paid	(266,580,000,000)	(266,580,000,000)
<b>III NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(266,580,000,000)</b>	<b>(266,580,000,000)</b>
<b>IV NET CASH FLOWS FOR THE YEAR</b>	<b>205,845,139,250</b>	<b>1,787,622,448,193</b>
<b>V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>3,979,798,730,514</b>	<b>2,192,176,282,321</b>
<b>VII CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 32)</b>	<b>4,185,643,869,764</b>	<b>3,979,798,730,514</b>

30 March 2015

Prepared by:



Thi Duyen  
Accountant

Approved by:



Pham Thi My Chi  
Chief Accountant



Vo Van Chau  
General Director

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

## **1. Reporting entity**

Kien Long Commercial Joint Stock Bank (“the Bank”) is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam. The principal activities of the Bank are to carry out banking activities, under Establishment and Operation Licence No. 0056/NH-GP issued by the State Bank of Vietnam (“SBV”) on 18 September 1995 for a period of 50 years from the licence date.

The Bank’s Head Office is located at 16-18 Pham Hong Thai, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province, Vietnam. As at 31 December 2014, the Bank has one head office, 26 branches and 70 transaction offices nation-wide (31 December 2013: one head office, 26 branches and 69 transaction offices).

The Bank has one 100% owned subsidiary, Kienlongbank Asset Management Company – Kien Long Commercial Joint Stock Bank. The subsidiary’s principal activities are debt management and assets exploitation.

The consolidated financial statements as at and for the year ended 31 December 2014 include the financial statements for the Bank and its subsidiary (together referred to as “the Group”).

As at 31 December 2014, the Group had 1,795 employees (31/12/2013: 1,642 employees).

## **2. Basis of preparation**

### **(a) Statement of compliance**

The consolidated 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 policies 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 financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnamese accounting principles, procedures and practices.

### **(b) Basis of measurement**

The consolidated 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.

**(d) Accounting and presentation currency**

The Group's accounting currency is Vietnam Dong ("VND"). The consolidated financial statements are presented in Vietnam Dong.

**3. Changes in accounting policies**

Except for the changes below, the Group has consistently applied the accounting policies, as set out in Note 4, to all periods presented in these consolidated financial statements.

The Group has adopted Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the SBV regulating the classification of assets, credit loss allowance level, allowance method and utilisation of allowance in operations of credit institutions and foreign bank branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amendments and supplementation to certain articles of Circular 02 ("Circular 09") with the effective date of 1 June 2014 and on a prospective basis. The adoption of Circular 02 and Circular 09 has affected the following accounting policies:

- Deposits with and loans to other credit institutions – classification and allowance for losses (Note 4(d));
- Loans and advances to customers – classification and allowance for credit losses (Notes 4(e)(i) and 4(e)(ii)); and
- Provision for off-balance sheet commitments (Note 4(f)).

**4. Summary of significant accounting policies**

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

**(a) Foreign currency transactions**

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the reporting date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling on transaction dates.

All foreign exchange differences are recorded in the consolidated statement of income.

**(b) 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:

- A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:
  - 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
  - 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 a financial asset 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 a 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 that are not classified as:

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

**(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 considered 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
  - 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 a financial liability 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 instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

**(c) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, balances with the State Bank of Vietnam and deposits with and loans to other credit institutions with original term to maturity of not more than three months.

**(d) Deposits with and loans to other credit institutions**

Deposits with other credit institutions do not include current deposits, which are time deposits with original terms to maturity of not more than 3 months.

Loans to other credit institutions include loans to other credit institutions with original terms to maturity of not more than 1 year.

Time deposits and loans to other credit institutions are stated at the amount of principal outstanding less allowance for credit losses.

**(i) Deposits with other credit institutions**

*Effective from 1 June 2014*

The specific allowance is calculated based on the net credit exposure of each credit institution, i.e. based on the credit institution's deposit balance at the end of each quarter (except for quarter 4, specific allowance is calculated based on the credit institution's deposit balance as at 30 November) less the discounted value of collateral assets. The discounted value of collateral assets is determined in accordance with the following principles as set out in Circular 02 as described in Note 4(e)(ii).

Credit risk classification of deposits with other credit institutions ("debts") and allowance thereof is made in accordance with Circular 02 and Circular 09. The Group has classified deposits with other credit institutions in accordance with a quantitative method as stipulated in Article 10 of Circular 02. Specific allowance for credit losses on deposits with other credit institutions is calculated based on the overdue status of the outstanding principal or interest at the following rates:

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 mentioned debts	(a) Debts being overdue between 10 days and 90 days; or (a) Debts having been rescheduled terms of repayment for the first time.	5%

Group		Overdue status	Allowance rate
3	Sub-standard debts	<p>(a) Debts being overdue between 91 days and 180 days; or</p> <p>(b) Debts having been extended terms of repayment for the first time; or</p> <p>(c) Debts having been exempted or reduced interest because customers are not able to pay the interest according to the credit contract; or</p> <p>(d) Debts having been fallen in one of the following cases:</p> <ul style="list-style-type: none"> <li>▪ Debts to customers or guarantee parties being organisations, individuals who are not subjected to credit granting by credit institutions, foreign bank branches as prescribed by laws;</li> <li>▪ Debts being secured by securities of the Bank or its subsidiaries or debts being used to contribute capital to another credit institution on the basis that collateral assets pledged to the Bank are securities issued by the invested credit institution;</li> <li>▪ Unsecured debts or debts being granted under preferential conditions or having value exceeding 5% of the Bank's capital when granting credit to restricted customers as prescribed by laws;</li> <li>▪ Debts to the Bank's subsidiaries, associates or enterprises controlled by the Bank that exceed the limit as prescribed by laws;</li> <li>▪ Debts having value exceeding credit limits, unless being allowed as prescribed by laws;</li> <li>▪ Debts having been violated the credit limit, foreign exchange management and safety ratio applied to credit institutions, foreign bank branches as prescribed by laws;</li> <li>▪ Debts having been violated the Bank's internal regulations on credit granting, debt management and policy on making allowance for losses; or</li> </ul> <p>(e) Debts in the collection process under inspection conclusions.</p>	20%
4	Doubtful debts	<p>(a) Debts being overdue between 181 days and 360 days; or</p> <p>(b) Debts having been rescheduled terms of repayment for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or</p> <p>(c) Debts having been rescheduled terms of repayment for the second time; or</p> <p>(d) Debts specified in point (d) of Group 3 being overdue between 30 days and 60 days after the decisions of recovery have been issued; or</p> <p>(e) Debts in the collection process under inspection conclusions but being overdue up to 60 days according to recovery term.</p>	50%

Group		Overdue status	Allowance rate
5	Loss debts	(a) Debts being overdue more than 360 days; or (b) Debts having been 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 been rescheduled terms of repayment for the second time and being overdue according to the second reschedule terms of repayment; or (d) Debts having been 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 Group 3 being overdue more than 60 days after the decisions of recovery have been issued; or (f) Debts in the collection process under inspection conclusions but being overdue for more than 60 days according to recovery term; or (g) Debts to other credit institutions being announced under special control status by the SBV, or to foreign bank branches of which capital and assets are blockaded.	100%

***Prior to 1 June 2014***

Deposits with other credit institutions are stated at the amount of outstanding principal. In accordance with Circular No. 21/2012/TT-NHNN issued on 18 June 2012 by the SBV, effective from 1 September 2012 (“Circular 21”) and Circular No. 01/2013/TT-NHNN issued on 7 January 2013 by the SBV (“Circular 01”) to amend and supplement Circular 21, credit institutions are only allowed to undertake deposits for which the maximum term is three months with credit institutions and foreign bank branches. New deposits with term of more than three months and interest rate after the effective date of these Circulars are classified as loans to other credit institutions.

Circular 21 and Circular 01 do not provide guidance on how to account for and make allowance for deposits with other credit institutions including those for which the payment terms have been extended or are overdue. Accordingly, the Group did not make allowance for credit losses on deposits with other credit institutions.

The above change in accounting policy has been applied prospectively. Application of changes in accounting policies has no significant impact on the consolidated financial statements for the year ended 31 December 2014.

***(ii) Loans to other credit institutions***

***Effective from 1 June 2014***

Loan classification of loans to other credit institutions and specific allowance thereof are made in accordance with Circular 02 and Circular 09 being similar to allowances for credit losses on deposits with other credit institutions as described in Note 4(d)(i).

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

***Prior to 1 June 2014***

Specific allowance for credit losses on loans to other credit institutions is calculated based on the overdue status of the outstanding principal or interest at the following rates:

Overdue status	Allowance rate
Group 1 - Overdue less than 10 days	0%
Group 2 - Overdue from 10 days to 90 days	5%
Group 3 - Overdue from 91 days to 180 days	20%
Group 4 - Overdue from 181 days to 360 days	50%
Group 5 - Overdue more than 360 days	100%

In accordance with Decision No. 493/2005/QĐ-NHNN (“Decision 493”) issued by the SBV on 22 April 2005, a general allowance is made at 0.75% of total balance at the end of each quarter (except for quarter 4, a general allowance is made at 0.75% of the outstanding balance of loans to other credit institutions as at 30 November), excluding the total balance of loans to other credit institutions which are classified as loss debts.

The above change in accounting policy has been applied prospectively. Application of changes in accounting policies has no significant impact on the consolidated financial statements for the year ended 31 December 2014.

**(e) Loans and advances to customers**

Loans and advances to customers are stated at the amount of outstanding principal less allowance for credit losses.

**(i) Classification of loans and advances to customers**

***Effective from 1 June 2014***

Loan classification and allowance for losses are made in accordance with Circular 02 and Circular 09. The Group has classified loans to customers in accordance with a quantitative method as permitted in Article 10 of Circular 02.



Loans and advances to customers are classified into five loan groups in accordance with Article 10 of Circular 02 as below:

Group		Overdue status
1	Current loans	(a) Current loans being assessed as fully and timely recoverable, both principal and interest; or (b) Loans being overdue 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.
2	Special mentioned loans	(a) Loans being overdue between 10 days to 90 days; or (b) Loans having been rescheduled terms of repayment for the first time.
3	Sub-standard loans	(a) Loans being overdue between 91 days and 180 days; or (b) Loans having been extended terms of repayment for the first time; or (c) Loans having been exempt or reduced interest because customers are not able to pay the interest according to the credit contract; or (d) Loans having been fallen in one of the following cases: <ul style="list-style-type: none"> <li>▪ Loans to customers or guarantee parties being organisations, individuals who are not subjected to credit granting by credit institutions, foreign bank branches as prescribed by laws;</li> <li>▪ Loans being secured by securities of the Bank or its subsidiaries or loans being used to contribute capital to another credit institution on the basis that collateral assets pledged to the Bank are securities issued by the invested credit institution;</li> <li>▪ Unsecured loans or loans being granted under preferential conditions or having value exceeding 5% of the Bank's capital when granting credit to restricted customers as prescribed by laws;</li> <li>▪ Loans to the Bank's subsidiaries, associates or enterprises controlled by the Bank that exceed the limit as prescribed by laws;</li> <li>▪ Loans having value exceeding credit limit, unless being allowed as prescribed by laws;</li> <li>▪ Loans having been violated the credit limit, foreign exchange management and safety ratio applied to credit institutions, foreign bank branches as prescribed by laws;</li> <li>▪ Loans having been violated the Bank's internal regulations on credit grant, loan management and policy on making allowance for losses; or</li> </ul> (e) Loans in the collection process under inspection conclusions.
4	Doubtful loans	(a) Loans being overdue between 181 days and 360 days; or (b) Loans having been 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) Loans having been rescheduled terms of repayment for the second time; or (d) Loans specified in point (d) of Group 3 being overdue between 30 days and 60 days after the decisions of recovery have been issued; or (e) Loans in the collection process under inspection conclusions but being overdue up to 60 days according to recovery term.

5	Group	Overdue status
	Loss loans	<p>(a) Loans being overdue more than 360 days; or</p> <p>(b) Loans having been rescheduled terms of repayment for the first time and being overdue more than 90 days according to the first rescheduled terms of repayment; or</p> <p>(c) Loans having been rescheduled terms of repayment for the second time and being overdue according to the second rescheduled terms of repayment; or</p> <p>(d) Loans having been rescheduled terms of repayment for the third time or more, regardless whether the loans are overdue or not; or</p> <p>(e) Loans specified in point (d) of Group 3 being overdue more than 60 days after the decisions of recovery have been issued; or</p> <p>(f) Loans in the collection process under inspection conclusions but being overdue for more than 60 days according to recovery term; or</p> <p>(g) Loans to other credit institutions being announced under special control status by the SBV, or to foreign bank branches of which capital and assets are blockaded.</p>

Where a customer owes more than one debt to the Group, and has any of its debts classified into a higher risk group of debts, 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.

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

In accordance with Point 3a, Article 10 of Circular 02, amended and supplemented by Circular 09, loan groups of rescheduled loans and advances to customers remain unchanged as before the rescheduling provided that the following conditions are met:

- The loan and advances to customers were granted under a credit facility which does not violate any laws or regulations;
- The reschedule of repayment term is in line with the purpose of the project as stated in the loan agreement;
- The borrower used the loan for the correct purpose;
- The borrower has a new loan repayment plan that is feasible and suitable to its conditions of production, business, service; and
- The Group remains in compliance with regulations of the SBV on limits, banking safety ratio including the maximum ratio of short-term funding being used for medium and long-term lending in case of restructuring short-term loans into medium-term or long-term loans.

As and when the above conditions are met, the Group reschedules the repayment terms of loans and advances to customers without changing the loans and advances to customers' current loan groups accordance with Point 3a, Article 10 of Circular 09 which is effective from 20 March 2014 and will expire on 1 April 2015.

*Prior to 1 June 2014*

In accordance with Decision 493, amended and supplemented by Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 (“Decision 18”) of the SBV, the specific allowance for losses should be made for loans quarterly based on loan groups.

The Group also adopted Decision No. 780/QĐ-NHNN dated 23 April 2012 issued by State Bank of Vietnam (“Decision 780”) regarding the classification of loans being rescheduled or having the repayment terms extended under which such loans are classified in the same loan groups as before rescheduling or having the repayment terms extended if the borrower is assessed as having positive business potential and ability to repay well these loans.

Loans and advances to customers are classified into five loan groups in accordance with Article 6 of Decision 493 as below:

<i>Group</i>		<i>Overdue status</i>
1	Current loans	<ul style="list-style-type: none"> <li>Current loans or overdue loans less than 10 days.</li> </ul>
2	Special mentioned loans	<ul style="list-style-type: none"> <li>Loans being overdue between 10 days and 90 days; or</li> <li>Loans having been rescheduled terms of repayment for the first time (if customers are assessed as being capable of repaying both principal and interest according to the first revised terms of repayment for the case of enterprises and organisational customers).</li> </ul>
3	Sub-standard loans	<ul style="list-style-type: none"> <li>Loans being overdue between 91 days and 180 days;</li> <li>Loans having been rescheduled terms of repayment for the first time except for the loans with revised terms of repayment classified into the above mentioned Group 2; or</li> <li>Loans having exempt or reduced interest because customers are not able to pay the interest according to the credit agreement.</li> </ul>
4	Doubtful loans	<ul style="list-style-type: none"> <li>Loans being overdue between 181 days and 360 days;</li> <li>Loans having been rescheduled terms of repayment for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or</li> <li>Loans having been rescheduled terms of repayment for the second time.</li> </ul>
5	Loss loans	<ul style="list-style-type: none"> <li>Loans being overdue more than 360 days;</li> <li>Loans having been rescheduled terms of repayment for the first time and being overdue from 90 days or more according to the first rescheduled terms of repayment;</li> <li>Loans having been rescheduled terms of repayment for the second time and being overdue according to the second rescheduled terms of repayment;</li> <li>Loans having been rescheduled terms of repayment for the third time; or</li> <li>Blocked loans, or loans awaiting settlement.</li> </ul>

Where a customer owes more than one debt to the Group, and has any of its debts classified into a higher risk group of debts, 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.

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

The above change in accounting policy has been applied prospectively.

**(ii) Allowances for credit losses on loans and advances to customers**

***Effective from 1 June 2014***

Specific allowance for credit losses on loans and advances to customers is calculated using set rates applied to each loan group as follows:

	Allowance rate
Group 1 - Current loans	0%
Group 2 - Special mentioned loans	5%
Group 3 - Sub-standard loans	20%
Group 4 - Doubtful loans	50%
Group 5 - Loss loans	100%

The specific allowance is calculated based on the net credit exposure of each borrower, i.e. based on the borrower's loan balance at the end of each quarter (except for quarter 4, specific allowance is calculated based on the borrower's loan balance as at 30 November) less the discounted value of collateral assets. The discounted value of collateral assets is determined in accordance with the following principles as set out in Circular 02:

- Collateral asset with value of VND50 billion or more for loans and advances to the Group's related parties or other parties under Article 127 of Law on Credit Institutions and collateral asset with value of VND200 billion or more must be valued by a licensed asset valuation organisation.
- Other than the above, collateral assets are valued in accordance with the Group's internal policies and processes.

Maximum discounted ratios of collateral assets is determined as follows:

Type of collateral assets	Maximum discounted ratio
(a) Customers deposits in VND	100%
(b) Gold billets, except for the types of gold specified in item (i); customers deposits in foreign currencies	95%
(c) Government bonds, transferable instruments, valuable papers issued by the Bank, saving deposit certificates, certificates of deposit, bills and notes issued by other credit institution or foreign bank branches:	95%
▪ With a remaining term of less than 1 year	85%
▪ With a remaining term of between 1 year and 5 years	80%
▪ With a remaining term of over 5 years	
(d) Securities issued by other credit institutions and listed on a stock exchange	70%
(e) Securities issued by enterprises and listed on a stock exchange	65%
(f) Unlisted securities and valuable papers, except for the types of securities specified in item (c) above, issued by other credit institutions registered for listing on a stock exchange;	50%
Unlisted securities and valuable papers, except for the types of securities specified in item (c) above, 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 estate	50%
(i) Gold billets not having 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 discounted value.

In accordance with Circular 02, a general allowance is made at 0.75% of the outstanding balance of loans and advances to customers at the end of each quarter (except for quarter 4, a general allowance is made at 0.75% of the outstanding balance of loans and advances to customers as at 30 November), excluding the total balance of loans and advances to customers which are classified as loss loans.

*Prior to 1 June 2014*

Specific allowance for loans and advances to customers was calculated using allowance rate applied to each loan group as follows:

	Allowance rate
Group 1 - Current loans	0%
Group 2 - Special mentioned loans	5%
Group 3 - Sub-standard loans	20%
Group 4 - Doubtful loans	50%
Group 5 - Loss loans	100%

The specific allowance is calculated based on the net credit exposure of each borrower, i.e. based on the borrower's loan balance at the end of each quarter (except for quarter 4, specific allowance is calculated based on the borrower's loan balance as at 30 November) less the discounted value of collateral assets. The discounted value of collateral assets is determined in accordance with Decision 493 and Decision 18 as follows:

Type of collateral assets	Maximum discounted ratio
Balance on deposit accounts, savings, valuable papers in VND issued by credit institutions	100%
Treasury bills, gold, balance on deposit accounts, savings, valuable papers in foreign currencies issued by credit institutions	95%
Government bonds:	
▪ With a remaining term of less than 1 year	95%
▪ With a remaining term of between 1 year and 5 years	85%
▪ With a remaining term of over 5 years	80%
Securities, transferable instruments and valuable papers issued by other credit institutions and listed on a stock exchange or at a securities trading centre	70%
Securities, transferable instruments and valuable papers issued by enterprises and listed on a stock exchange or at a securities trading centre	65%
Securities, transferable instruments and valuable papers issued by credit institutions but not yet listed on a stock exchange or at a securities trading centre	50%
Real estate	50%
Other types of collateral assets	30%



In accordance with Decision 493, a general allowance was also required to be made at 0.75% of the outstanding balance of loans and advances to customers at the end of each quarter (except for quarter 4, a general allowance is made at 0.75% of the outstanding balance of loans and advances to customers as at 30 November), excluding the total balance of loans and advances to customers which were classified as loss loans.

The above change in accounting policy has been applied prospectively.

**(iii) *Written-off loans and advances to customers classified as bad debts***

Loans and advances to customers are written-off at the discretion of the Group's Risk Settlement Committee when they consider that all reasonable efforts for recovery of bad debts, including legal actions, have been exhausted.

Loans and advances to customers are written-off against the allowance when loans and advances to customers have been classified to Group 5 or when borrowers have declared bankrupt or dissolved (for borrowers being organisations and enterprises) or borrowers are deceased or missing (for borrowers being individuals).

Loans written-off against allowance are recorded as off-balance sheet items for following up and collection. The amount collected from previously written-off loans, including the amount from sales of collaterals against those loans, is recognised in the consolidated statement of income upon receipt.

**(f) *Provision for off-balance sheet commitments***

Off-balance sheet commitments consisting of guarantees, settlement acceptances, and unconditional and irrevocable commitments with specific time for settlement.

***Effective from 1 June 2014***

The classification of off-balance sheet commitments is conducted solely for risk management, credit quality supervision of credit granting activities purpose in accordance with the same accounting policy applied to loans and advances to customers as described in Note 4(e).

Off-balance sheet commitments are classified as follows:

Group		Definition
1	Group 1 – Current commitments	Commitments which, according to the Bank's assessment, could be fully settled when they fall due.
2	Group 2 – Special mentioned commitments	Commitments which, according to the Bank's assessment, could not be fully settled when they fall due.
3	Group 3 – Sub-standard commitments and higher risk groups	Commitments falling into one of the following cases: <ul style="list-style-type: none"> <li>• Commitments to customers or guarantee parties being organisations, individuals who are not subjected to credit granting by credit institutions, foreign bank branches as prescribed by laws;</li> <li>• Commitments being secured by securities of the Bank or its subsidiaries or commitments related to loans being used to contribute capital to another credit institution on the basis that collateral assets pledged to the Bank are securities issued by the invested credit institution;</li> <li>• Unsecured commitments or commitments being granted under preferential conditions or having value exceeding 5% of the Bank's capital when granting credit to restricted customers as prescribed by laws;</li> <li>• Commitments to the Bank's subsidiaries, associates or enterprises controlled by the Bank that exceed the limit as prescribed by laws;</li> <li>• Commitments having value exceeding credit limits, unless being allowed as prescribed by laws;</li> <li>• Commitments having violated the credit limit, foreign exchange management and safety ratio applied to credit institutions, foreign bank branches as prescribed by laws;</li> <li>• Commitments having been violated the Bank's internal regulations on credit granting, loan management and policy on making allowance for losses.</li> </ul>

In accordance with Circular 02, the Group is not required to make provision for off-balance sheet commitments.

**Prior to 1 June 2014**

Off-balance sheet commitments are classified into five groups based on quantitative and qualitative factors as follows:

Group		Definition
1	Current commitments	<ul style="list-style-type: none"> <li>▪ Undue commitments which, according to the Bank's assessment, can be fully settled when they fall due.</li> <li>▪ Undue commitments which, according to the Bank's assessment, can not be fully settled when they fall due; or</li> <li>▪ Overdue commitments which are classified in accordance with the Bank's assessment.</li> </ul>
2	Special mentioned commitments	
3	Sub-standard commitments	
4	Doubtful commitments	
5	Loss commitments	

Specific provision for losses on off-balance sheet commitments was calculated using set rates applied to each group of off-balance sheet commitments as follows:

	<b>Provision rates</b>
Group 1 - Current commitments	0%
Group 2 - Special mentioned commitments	5%
Group 3 - Sub-standard commitments	20%
Group 4 - Doubtful commitments	50%
Group 5 - Loss commitments	100%

Specific provision is calculated based on the net credit exposure of each customer which equals the off-balance sheet commitments balance at the end of each quarter (except for quarter 4, specific provision is calculated based on the off-balance sheet commitment balance of each customer as at 30 November) less the discounted value of collateral assets. The discounted value of these collateral assets is determined in accordance with Decision 493 and Decision 18 (Note 4(c)(ii)).

According to Decision 493, a general provision is also required to be made at 0.75% of the outstanding balance at the end of each quarter (for quarter 4, a general provision is made at 0.75% of the outstanding balance as at 30 November) of the off-balance sheet commitments and excludes the off-balance sheet commitments which are classified as loss commitments.

The above changes in accounting policy has been applied prospectively. In applying the change in accounting policy, the Group has reversed the provision amounted to VND610,741,178 during the year.

**(g) Investment securities**

**(i) Classification**

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

Held-to-maturity securities are debt securities with fixed or determinable payment and fixed maturities where the Group's management has the positive intention and ability to hold until maturity,

**(ii) Recognition**

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

**(iii) Measurement**

The listed available-for-sale securities are stated at cost less allowance for diminution in value by referring to the closing price of securities obtained from the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange at the reporting date.

Available-for-sale and held-to-maturity unlisted bonds issued by enterprises are stated at cost less allowance for diminution in value. Credit risk classification of unlisted bonds issued by enterprises and allowance thereof is made in accordance with the same accounting policy applied for loans and advances to customers as described in Note 4(e).

The unlisted available-for-sale securities that are actively traded on the OTC market are stated at cost less allowance for diminution in value by referring to the average prices of the transaction quoted by three securities companies having charter capital above VND300 billion.

The unlisted available-for-sale securities which are not actively traded on the OTC market are stated at cost less allowance for diminution in value are based on the Board of Directors' assessment. The Board of Directors determines the allowance for diminution in value after giving consideration to cost, market conditions, current operating performance and expected cash flows.

Held-to-maturity securities are stated at cost at the acquisition date and subsequently, these securities are stated at cost less allowance for diminution in value when there is an indicator of devaluation in the long-term period.

Premiums and discounts arising from purchases of available-for-sale securities and 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 of available-for-sale debt securities and held-to-maturity securities is recognised in the consolidated statement of income on an accrual basis.

The allowance for diminution in the value of available-for-sale debt securities and held-to-maturity securities as mentioned above is reversed if the recoverable amount increases because of the happening of unprejudiced events after the allowance being recognised. An allowance is reversed only to the extent that the securities' carrying amounts do not exceed the carrying amounts that would have been determined if no allowance had been recognised.

**(iv) Derecognition**

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

(v) ***Special bonds issued by Vietnam Asset Management Company (“VAMC”)***

*Classification*

Special bonds issued by VAMC as consideration for bad debts sold by the Group to VAMC are recognised as held-to-maturity securities.

*Recognition*

Special bonds are recognised at par value at the transaction date.

*Measurement*

Special bonds are carried at par value less specific allowance during holding period.

Under VAMC’s bad debts purchasing scheme, par value of the special bond is equal to the carrying value of bad debts sold net off specific allowance which was made but not yet utilised.

Specific allowance for losses in respect of the special bonds are required to be made in accordance with Decree No. 53/2013/ND-CP dated 18 May 2013 and Circular No. 19/2013/TT-NHNN dated 6 September 2013 issued by the SBV. Accordingly, the Group makes specific allowance annually with the minimum amount of 20% par value of each special bond within 5 working days prior to the date of that year corresponding to the maturity date of the special bond. General allowance is not required to be made for these special bonds.

When receiving back debts previously sold to VAMC, the Group uses the specific allowance for special bonds to write-off bad debts and recognises the difference between allowance for special bonds and the uncollectable loan balance in the consolidated statement of income.

(h) **Capital contribution, long-term investments**

***Other long-term investments***

Other long-term investments include equity securities and other long-term capital contribution which are acquired to be held over one year by the Group (excluding capital contribution, investments in subsidiaries, joint-ventures and associates).

Other long-term investments are stated at cost less allowance for diminution in value which are made under the guidance of Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 (“Circular 228”) and amended and supplemented by Circular No. 89/2013/TT-BTC issued by the Ministry of Finance on 28 June 2013 (“Circular 89”) (see Note 4(i)).

**(i) Allowance for diminution in the value of long-term investments**

Allowance for diminution in value of investments in economic entities is required if the economic entities suffer losses (except when the loss was anticipated in the initial business plan) in accordance with Circular 228 and Circular 89. Accordingly, the allowance for diminution in value is equal to the difference between the actual capital contributed by all investors and the actual equity multiply (x) with the percentage of actual capital contributed by the Group over total actual capital contributed by all investors. The allowance is reversed if the recoverable amount increases after the allowance being 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.

**(j) 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 the consolidated statement of income in the year 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 an item 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	5 – 50 years
▪ machinery and equipment	3 – 10 years
▪ motor vehicles	4 – 10 years
▪ office equipment	3 – 8 years
▪ other tangible fixed assets	3 – 6 years

**(k) Intangible fixed assets**

**(i) Land use rights**

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Land use rights which are granted for a definite term are amortised, using the straight-line method over 46 to 49 years. The indefinite land use right is not amortised by the Group.



**(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 cost is amortised on a straight-line basis over 3 to 10 years.

**(l) Derivative financial instruments**

*Forward and swap currency contracts*

Forward currency contracts and swap currency contracts are recorded at contract values in the consolidated balance sheet. The 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 effective date of the forward currency contracts and swap currency contracts are amortised to the consolidated statement of income on a straight-line basis over the terms of these contracts.

The positions of forward currency contracts are revaluated at the spot exchange rate at the reporting date and the unrealised gains/losses are recognised in the consolidated statement of income.

**(m) Provisions**

Other than the provision described in Note 4(f), 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.

*Severance allowance*

Under the Vietnamese Labour Code, when an employee who has worked for the Group for 12 months or more (“eligible employee”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service from starting date to 31 December 2008 and their average salary for the six-month period prior to the termination date. Prior to 24 October 2012, provision for severance allowance has been provided based on employees’ years of service for the Group and their current salary level.

On 24 October 2012, the Ministry of Finance issued Circular No. 180/2012/TT-BTC (“Circular 180”) providing guidance on the accounting treatment in regards to making the provision for severance allowance in enterprises. As stipulated in Circular 180, when preparing the financial statements in 2012, the outstanding balance of entity’s severance allowance is accounted to other income in 2012 instead of carrying forward to the following year. Accordingly, the Bank reversed the outstanding balance of the provision for severance allowance. This change in accounting policy has been applied prospectively from 2012.

Unemployment insurance is recognised as a part of salary expense and related expenses in the consolidated statement of income.

**(n) Other payables**

Other payables are stated at their cost.

**(o) Taxation**

Income tax on the profit or loss for the period comprises current and deferred tax. 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 year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the consolidated 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 amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

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 difference 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.

**(p) Capital**

**(i) Charter capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

**(ii) Share premium**

On receipt of capital from shareholders, the difference between the issue price and the par value of the shares is credited/debited to the share premium account in equity.

**(iii) Treasury shares**

When the Group repurchases its ordinary shares (treasury shares), the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity.

When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transactions is transferred to/from share premium.

**(q) Statutory reserves**

**(i) The Bank**

According to Decree No. 57/2012/ND-CP dated 20 July 2012 issued by the Government, the Bank is required to make the following allocations before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement charter capital:	5% of profit after tax	Charter capital
Financial reserve	: 10% of profit after tax	25% charter capital

The remaining profit after deducting the appropriation of the above reserves and distribution of dividends to the shareholders is recorded as retained profits of the Group.

**(ii) Kienlongbank Asset Management Company – Kien Long Commercial Joint Stock Bank**

According to Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance, reserves are made on the same basis as applied to the Bank.

**(r) Bonus and welfare funds**

Bonus and welfare funds are allocated from profit after tax decided by the shareholders at the Annual General Meeting of Shareholders and are used primarily to make payments to the Group's employees. These funds are not required by law and are fully distributable. Bonus and welfare funds are included in the Group's liabilities.

**(s) 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 Group by the weighted average number of ordinary shares outstanding during the year. 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, which comprise convertible bonds and share options.

**(t) Revenue**

**(i) Interest income**

Interest income is recognised in the consolidated statement of income on an accrual basis, except for interests on trading securities recognised in the consolidated statement of income upon receipt. When a loan becomes overdue (from Group 2 to Group 5 as defined in Note 4(d) and 4(e)(ii)), expected interest receivables are reverted and recognised in the off-balance sheet. Interest income of overdue loans is recognised in the consolidated statement of income upon receipt.

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(ii) Fee and commission income**

Fees and commission income are recognised in the consolidated statement of income on the accrual basis.

**(iii) Dividend income**

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

Share dividends and bonus shares are not recognised in the consolidated statement of income. The Group only recognises the increases in the number of shares.

**(u) Interest expense**

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

**(v) Fee and commission expenses**

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

**(w) 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.

**(x) Dividend advances**

Dividend advances for the Group's shareholders are recognised as a receivable in the consolidated balance sheet until the Group's distribution is approved by the General Meeting of Shareholders.

(y) **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.

(z) **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 business segments.

At present, the Group is mainly operating in commercial bank and asset management in same geographical segment which is Vietnam.

(aa) **Nil balances**

Items or balances required by Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 issued by the Governor of the State Bank of Vietnam on promulgation of financial statement reporting for credit institutions that are not shown in these consolidated financial statements indicate nil balances.

**5. Cash on hand and gold**

	31/12/2014 VND	31/12/2013 VND
Cash on hand in VND	113,863,591,405	87,062,426,112
Cash on hand in foreign currencies	26,701,401,476	18,050,589,669
Gold	-	539,781,855
	<hr/>	<hr/>
	140,564,992,881	105,652,797,636

## 6. Balances with the State Bank of Vietnam

These balances consist of a compulsory reserve for liquidity and a current account at the SBV.

Under the State Bank of Vietnam's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement ("CRR"). The monthly average balance of the reserve must not be less than CRR rates multiply with preceding month's average balances of deposits in scope as follows:

Deposits in scope	CRR rates	
	31/12/2014	31/12/2013
Preceding month's average balances of:		
<i>Customers:</i>		
▪ 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%
<i>Overseas credit institutions:</i>		
▪ Deposits in foreign currencies	1%	1%
	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>VND</b>	<b>VND</b>
Current account and compulsory reserve	622,869,095,680	500,116,724,241

Effective year-end annual interest rates were as follows:

	31/12/2014	31/12/2013
Deposits in VND		
▪ Within the compulsory reserve requirement	1.20%	1.20%
▪ Exceeding the compulsory reserve requirement	0.00%	0.00%
Deposits in USD		
▪ Within the compulsory reserve requirement	0.00%	0.00%
▪ Exceeding the compulsory reserve requirement	0.05%	0.05%

## 7. Deposits with and loans to other credit institutions

	31/12/2014 VND	31/12/2013 VND
<b>Current accounts</b>		
Current accounts in VND	26,180,873,157	1,231,892,765,089
Current accounts in foreign currencies	137,568,008,046	142,136,443,548
<b>Term deposits</b>		
Term deposits in VND	1,266,000,000,000	85,000,000,000
Term deposits in foreign currencies	1,251,389,400,000	-
<b>Loans in VND</b>	741,071,500,000	2,000,000,000,000
	<hr/> 3,422,209,781,203	<hr/> 3,459,029,208,637

Effective year-end annual interest rates are as follows:

	31/12/2014	31/12/2013
Current accounts in VND	1.00% - 1.20%	1.00% - 1.20%
Current accounts in foreign currencies	0.05% - 0.25%	0.05% - 0.24%
Term deposits in VND	3.40% - 4.80%	5.20% - 8.00%
Term deposits in foreign currencies	0.90% - 1.00%	-
Loans in VND	3.80% - 4.50%	5.20% - 8.00%

## 8. Derivatives and other financial assets/liabilities

As at 31 December 2014	Total contract value (at foreign exchange rate at the contract date)  VND	Total carrying value (at foreign exchange rate at the reporting date) Assets VND	Liabilities VND
Forward contracts	195,017,798,431	-	7,004,652,427

As at 31 December 2013	Total contract value (at foreign exchange rate at the contract date)  VND	Total carrying value (at foreign exchange rate at the reporting date) Assets VND	Liabilities VND
Forward contracts	159,259,335,968	326,745,340	-

## 9. Loans and advances to customers

Loan portfolio by type of borrowers was as follows:

	31/12/2014 VND	31/12/2013 VND
Loans to domestic economic entities and individuals	13,388,432,900,195	12,051,007,608,654
Loans by financed and entrusted funds	138,033,602,182	77,619,852,868
	<hr/> 13,526,466,502,377	<hr/> 12,128,627,461,522

Loan portfolio by loan group was as follows:

	31/12/2014 VND	31/12/2013 VND
Group 1 - Current loans	13,230,121,443,255	11,743,394,174,158
Group 2 - Special mentioned loans	32,120,152,538	85,512,621,776
Group 3 - Sub-standard loans	32,077,224,767	39,462,414,850
Group 4 - Doubtful loans	28,967,109,220	48,905,796,395
Group 5 - Loss loans	203,180,572,597	211,352,454,343
	<hr/> 13,526,466,502,377	<hr/> 12,128,627,461,522

Loan portfolio by term was as follows:

	31/12/2014 VND	31/12/2013 VND
Short-term loans	8,114,322,302,044	6,011,478,460,977
Medium-term loans	4,910,312,391,885	5,563,027,360,920
Long-term loans	501,831,808,448	554,121,639,625
	<hr/> 13,526,466,502,377	<hr/> 12,128,627,461,522

Loan portfolio by type of business was as follows:

	31/12/2014 VND	31/12/2013 VND
Joint stock companies, limited liability companies, private companies	3,065,242,419,400	2,543,276,964,158
Individuals and others	10,461,224,082,977	9,585,350,497,364
	<hr/> 13,526,466,502,377	<hr/> 12,128,627,461,522



Loan portfolio by business sector of customers was as follows:

	31/12/2014 VND	31/12/2013 VND
Agriculture and forestry	3,319,619,640,735	3,379,079,599,044
Trading, motor vehicle and household applicant repairing	2,499,785,150,795	2,615,599,945,898
Construction	1,449,968,587,445	1,251,957,233,965
Processing industry	562,650,582,879	252,363,896,818
Hotels and restaurants	241,406,006,807	305,631,835,372
Transportation, warehousing, and communication	7,913,220,000	8,427,299,424
Aquaculture	1,800,000,000	6,720,000,000
Individual and community services	5,443,323,313,716	4,308,847,651,001
	<hr/> 13,526,466,502,377	<hr/> 12,128,627,461,522 <hr/>

Loan portfolio by currency was as follows:

	31/12/2014 VND	31/12/2013 VND
Denominated in VND	13,493,919,967,437	12,010,706,440,957
Denominated in foreign currencies	32,546,534,940	117,921,020,565
	<hr/> 13,526,466,502,377	<hr/> 12,128,627,461,522 <hr/>

The effective annual interest rates at the year-end were as follows:

	31/12/2014	31/12/2013
Denominated in VND	6.30% - 24.00%	9.00% - 24.60%
Denominated in foreign currencies	4.77% - 5.04%	6.50%

## 10. Allowance for loans and advances to customers

Allowance for loans and advances to customers consists of:

	31/12/2014 VND	31/12/2013 VND
General allowance (i)	94,921,548,159	81,051,618,596
Specific allowance (ii)	41,578,429,224	44,053,361,755
	<hr/>	<hr/>
	136,499,977,383	125,104,980,351

- (i) Movements in the general allowance for loans and advances to customers during the year were as follows:

	2014 VND	2013 VND
Opening balance	81,051,618,596	68,869,740,257
Allowance made during the year	13,869,929,563	39,014,209,312
Allowance utilised during the year	-	(26,832,330,973)
	<hr/>	<hr/>
Closing balance	94,921,548,159	81,051,618,596

- (ii) Movements in the specific allowance for loans and advances to customers during the year were as follows:

	2014 VND	2013 VND
Opening balance	44,053,361,755	73,004,431,074
Allowance made during the year	29,229,849,106	43,242,835,827
Allowance utilised during the year	(31,704,781,637)	(72,193,905,146)
	<hr/>	<hr/>
Closing balance	41,578,429,224	44,053,361,755

## 11. Investment securities

	31/12/2014 VND	31/12/2013 VND
<b>Available-for-sale securities</b>		
<i>Debt securities</i>		
▪ Government bonds (i)	2,200,070,309,845	2,172,294,047,523
<i>Equity securities</i>		
▪ Issued by other local credit institutions (ii)	524,749,750,000	559,749,750,000
	2,724,820,059,845	2,732,043,797,523
Allowance for diminution in the value of available-for-sale securities (iii)	(10,283,750,000)	(58,083,750,000)
	2,714,536,309,845	2,673,960,047,523
<b>Held-to-maturity securities</b>		
<i>Debt securities</i>		
▪ Bonds issued by other local credit institutions	-	500,000,000,000
▪ Special bonds issued by VAMC (iv)	361,202,170,712	203,385,725,011
	361,202,170,712	703,385,725,011
Allowance for losses on held-to-maturity securities (v)	(35,989,177,402)	-
	325,212,993,310	703,385,725,011
	3,039,749,303,155	3,377,345,772,534

- (i) As at 31 December 2014, available-for-sale debt securities amounting to VND1,050,000,000,000 (31/12/2013: VND600,000,000,000) are pledged at other credit institutions to carry out the open market operations.
- (ii) Available-for-sale equity securities at 31 December 2014 and 31 December 2013 are listed shares of a local credit institution which is Saigon Thuong Tin Commercial Joint Stock Bank (“STB”) and unlisted shares in the OTC market which is Mekong Development Joint Stock Commercial Bank (“MDB”).

- (iii) Movements in the allowance for diminution in the value of available-for-sale securities during the year were as follows:

	2014 VND	2013 VND
Opening balance	58,083,750,000	-
Allowance made during the year	10,283,750,000	58,083,750,000
Allowance reversed during the year	(23,083,750,000)	-
Net off with investments relating to share dividends from STB's shares	(35,000,000,000)	-
Closing balance	10,283,750,000	58,083,750,000

- (iv) This is par values of special bonds issued by VAMC to acquire the Group's bad debts in 2014 and 2013. As at 31 December 2014, total of principal debts and the specific allowance amounting to VND445,896,699,102 and VND84,694,528,390, respectively (31/12/2013: VND262,165,019,764 and VND58,779,294,753, respectively).

- (v) Movements in the allowance for losses on held-to-maturity securities during the year were as follows:

	2014 VND
Opening balance	-
Allowance made during the year	35,989,177,402
Closing balance	35,989,177,402

## 12. Capital contribution, long-term investments

	31/12/2014 VND	31/12/2013 VND
Other long-term investments (i)	46,199,100,000	69,521,100,000
<hr/>		
(i) Other long-term investments where the Group has an equity interest of less than 20%:		
	31/12/2014 VND	31/12/2013 VND
Investments in other domestic credit institutions		
▪ Unlisted	40,949,100,000	64,271,100,000
▪ Delisted	5,250,000,000	5,250,000,000
	<hr/>	<hr/>
	46,199,100,000	69,521,100,000
	<hr/>	<hr/>

### 13. Tangible fixed assets

2014	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other tangible fixed assets VND	Total VND
<b>Cost</b>						
Opening balance	67,590,948,794	43,328,402,781	56,686,961,124	8,357,838,462	279,142,693	176,243,293,854
Additions	16,291,233,492	673,326,765	-	6,374,564,080	4,451,608,799	27,790,733,136
Transfer from construction in progress	69,848,699,832	18,984,165,659	17,539,509,788	54,345,600	4,992,726,466	111,419,447,345
Disposals	(40,000,000)	(197,931,419)	(5,675,047,560)	(368,869,444)	-	(6,281,848,423)
Written off	-	-	(515,663,600)	-	-	(515,663,600)
Closing balance	153,690,882,118	62,787,963,786	68,035,759,752	14,417,878,698	9,723,477,958	308,655,962,312
<b>Accumulated depreciation</b>						
Opening balance	5,947,815,635	16,878,659,986	15,560,527,884	4,803,026,297	34,659,194	43,224,688,996
Charge for the year	4,113,886,349	8,885,895,790	6,381,892,835	2,150,696,671	653,564,760	22,185,936,405
Disposals	(27,412,671)	(197,419,227)	(2,333,522,861)	(295,155,583)	-	(2,853,510,342)
Written off	-	-	(322,003,220)	-	-	(322,003,220)
Closing balance	10,034,289,313	25,567,136,549	19,286,894,638	6,658,567,385	688,223,954	62,235,111,839
<b>Net book value</b>						
Opening balance	61,643,133,159	26,449,742,795	41,126,433,240	3,554,812,165	244,483,499	133,018,604,858
Closing balance	143,656,592,805	37,220,827,237	48,748,865,114	7,759,311,313	9,035,254,004	246,420,850,473

### 13. Tangible fixed assets (continued )

2013	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other tangible fixed assets VND	Total VND
<b>Cost</b>						
Opening balance	51,324,332,613	44,174,292,028	45,175,264,029	9,234,119,990	74,324,315	149,982,332,975
Additions	1,742,035,000	2,707,261,534	3,709,453,686	1,491,607,300	288,512,280	9,938,869,800
Transfer from construction in progress	14,679,274,581	8,606,109,600	9,421,216,950	-	-	32,706,601,131
Disposals	-	(74,976,875)	(1,502,455,600)	-	-	(1,577,432,475)
Reclassification under Circular 45 (*)	(154,693,400)	(12,159,460,425)	(116,517,941)	(2,292,711,909)	(83,693,902)	(14,807,077,577)
Reclassification	-	75,176,919	-	(75,176,919)	-	-
Closing balance	67,590,948,794	43,328,402,781	56,686,961,124	8,357,838,462	279,142,693	176,243,293,854
<b>Accumulated depreciation</b>						
Opening balance	3,631,829,679	15,650,674,551	10,617,262,758	5,596,581,191	-	35,496,348,179
Charge for the year	2,216,036,523	8,342,656,311	5,432,277,615	1,710,434,355	40,784,313	17,742,189,117
Disposals	-	(74,976,875)	(816,334,188)	-	-	(891,311,063)
Reclassification under Circular 45 (*)	(48,567,314)	(7,528,441,464)	(28,706,720)	(1,503,025,302)	(13,796,437)	(9,122,537,237)
Reclassification	148,516,747	488,747,463	356,028,419	(1,000,963,947)	7,671,318	-
Closing balance	5,947,815,635	16,878,659,986	15,560,527,884	4,803,026,297	34,659,194	43,224,688,996
<b>Net book value</b>						
Opening balance	47,692,502,934	28,523,617,477	34,558,001,271	3,637,538,799	74,324,315	114,485,984,796
Closing balance	61,643,133,159	26,449,742,795	41,126,433,240	3,554,812,165	244,483,499	133,018,604,858

(\*) The reclassification represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular No. 45/2013/TT-BTC ("Circular 45") issued by the Ministry of Finance dated 25 April 2013 providing guidance on management, use and depreciation of fixed assets ("Circular 45"), i.e. costing VND30 million or more. These assets were reclassified to Prepaid expenses in Other assets.

Included in the cost of tangible fixed assets were assets costing VND10,122,629,352 which were fully depreciated as of 31 December 2014 (31/12/2013: VND5,599,553,198), but which were still in active use.

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

#### 14. Intangible fixed assets

2014

Cost

	Land use rights VND	Software VND	Other intangible fixed assets VND	Total VND
Opening balance	499,336,532,136	41,693,911,030	1,336,437,700	542,366,880,866
Additions	91,830,050,000	-	-	91,830,050,000
Transfer from construction in progress	90,383,782,900	8,778,221,600	1,996,186,000	101,158,190,500
Disposals	(2,435,612,000)	-	-	(2,435,612,000)

Closing balance

679,114,753,036

50,472,132,630

3,332,623,700

732,919,509,366

Accumulated amortisation

Opening balance

1,078,101,806

11,911,121,900

675,384,751

13,664,608,457

Charge for the year

1,774,831,808

5,529,119,989

277,663,223

7,581,615,020

Closing balance

2,852,933,614

17,440,241,889

953,047,974

21,246,223,477

Net book value

Opening balance

498,258,430,330

29,782,789,130

661,052,949

528,702,272,409

Closing balance

676,261,819,422

33,031,890,741

2,379,575,726

711,673,285,889



## 14, Intangible fixed assets (continued)

2013

Cost	Land use rights VND	Software VND	Other intangible fixed assets VND	Total VND
Opening balance	426,048,619,036	41,028,766,130	1,336,437,700	468,413,822,866
Additions	5,907,157,800	679,144,900	-	6,586,302,700
Transfer from construction in progress	67,380,755,300	-	-	67,380,755,300
Reclassification under Circular 45 (*)	-	(14,000,000)	-	(14,000,000)
Closing balance	499,336,532,136	41,693,911,030	1,336,437,700	542,366,880,866
Accumulated amortisation				
Opening balance	798,868,023	6,495,084,750	648,317,051	7,942,269,824
Charge for the year	261,047,328	5,279,755,110	195,536,195	5,736,338,633
Reclassification	18,186,455	150,282,040	(168,468,495)	-
Reclassification under Circular 45 (*)	-	(14,000,000)	-	(14,000,000)
Closing balance	1,078,101,806	11,911,121,900	675,384,751	13,664,608,457
Net book value				
Opening balance	425,249,751,013	34,533,681,380	688,120,649	460,471,553,042
Closing balance	498,258,430,330	29,782,789,130	661,052,949	528,702,272,409

(\*) The reclassification represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. These assets were reclassified to Prepaid expenses in Other assets.

Included in the cost of intangible fixed assets were assets costing VND6,470,461,665 which were fully amortised as of 31 December 2014 (31/12/2013: VND4,809,742,511), but which were still in active use.

## 15. Receivables

	31/12/2014 VND	31/12/2013 VND
Construction in progress (i)	257,830,082,505	144,473,343,920
Interest receivable from the SBV for Interest subsidy program	3,822,083,833	3,822,083,833
Deposits for office rental and advances for contracts	9,307,508,950	12,761,517,312
Deductible value added tax	3,387,536	1,107,573,707
Advances to employees	1,681,138,734	8,522,176,052
Dividend advances	148,100,000,000	148,100,000,000
Others	8,699,610,171	7,407,657,592
	<hr/> 429,443,811,729	<hr/> 326,194,352,416

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

	2014 VND	2013 VND
Opening balance	144,473,343,920	63,373,307,778
Additions	326,495,984,359	181,216,765,973
Transfers to tangible fixed assets	(111,419,447,345)	(32,706,601,131)
Transfers to intangible fixed assets	(101,158,190,500)	(67,380,755,300)
Transfers to other assets	(462,294,717)	(1,151,600)
Transfers to expenses	(99,313,212)	(28,221,800)
	<hr/> 257,830,082,505	<hr/> 144,473,343,920

## 16. Other assets

	31/12/2014 VND	31/12/2013 VND
Prepaid expenses	65,540,225,377	51,696,429,034
Tools and instruments	2,613,725,207	8,010,000
Payments on behalf of other credit institutions	19,385,004	76,848,695
Collaterals awaiting resolution	55,147,900,227	8,500,000,000
	<hr/> 123,321,235,815	<hr/> 60,281,287,729

## 17. Deposits and borrowings from other credit institutions

	31/12/2014 VND	31/12/2013 VND
<b>Demand deposits in VND</b>	2,041,031,607	1,220,728,022,212
<b>Term deposits</b>		
Term deposits in VND	524,347,500,000	115,000,000,000
Term deposits in foreign currencies	1,241,481,200,000	-
<b>Borrowings</b>		
Borrowings in VND	1,013,065,556,268	2,000,000,000,000
Borrowings in foreign currencies	1,047,368,524	291,676,000,000
	<hr/> 2,781,982,656,399	<hr/> 3,627,404,022,212

Effective year-end annual interest rates were as follows:

	31/12/2014	31/12/2013
Demand deposits in VND	1.00% - 1.20%	1.00% - 1.20%
Term deposits in VND	3.50% - 4.90%	2.70% - 8.00%
Term deposits in foreign currencies	0.50% - 1.00%	-
Borrowings in VND	3.70% - 6.00%	2.70% - 7.00%
Borrowings in foreign currencies	0.75%	0.50%

## 18. Deposits from customers

	31/12/2014 VND	31/12/2013 VND
<b>Current accounts</b>		
Current accounts in VND	384,218,200,240	200,348,227,833
Current accounts in foreign currencies	491,411,351	1,153,358,151
<b>Term deposits in VND</b>	491,630,199,036	296,037,060,793
<b>Saving deposits</b>		
Current saving deposits in VND	4,224,601,639	3,452,499,811
Current saving deposits in foreign currencies	242,658,397	347,605,231
Term saving deposits in VND	15,241,157,555,325	12,518,739,534,540
Term saving deposits in foreign currencies	433,360,669,905	268,114,648,424
<b>Margin deposits</b>		
Margin deposits in VND	1,450,906,688	10,229,805,061
Margin deposits in foreign currencies	13,751,072,163	5,204,168,905
	<b>16,570,527,274,744</b>	<b>13,303,626,908,749</b>

Deposits from customers by type of customers were as follows :

	31/12/2014 VND	31/12/2013 VND
Limited liability companies	325,343,881,087	154,647,417,267
Joint stock companies	280,265,110,424	52,324,420,981
Private companies	1,079,291,241	29,964,199,941
Individuals	15,811,952,613,956	12,964,008,667,822
Others	151,886,378,036	102,682,202,738
	<b>16,570,527,274,744</b>	<b>13,303,626,908,749</b>

Effective annual interest rates at the year-end were as follows:

	31/12/2014	31/12/2013
Current accounts in VND	1.00%	1.20%
Current accounts in foreign currencies	0.25%	0.10%
Term deposits in VND	1.00% - 10.10%	1.00% - 14.00%
Current saving deposits in VND	1.00%	1.20%
Current saving deposits in foreign currencies	0.25%	1.00%
Term saving deposits in VND	1.00% - 14.00%	1.00% - 14.00%
Term saving deposits in foreign currencies	0.75% - 2.50%	0.12% - 2.50%
Margin deposits in VND	0.00%	0.00%
Margin deposits in foreign currencies	0.00%	0.00%

## 19. Other liabilities

	31/12/2014 VND	31/12/2013 VND
Taxes payable (i)	49,566,410,023	32,505,835,117
Payables to employees	23,240,329	5,859,812,176
Amounts awaiting settlement	16,858,580,520	20,567,438,317
Bonus and welfare fund (ii)	2,723,623,755	-
Remittance payables	2,146,642,360	2,885,337,075
Other payables	18,001,050,480	26,892,301,858
	<hr/> 89,319,547,467	<hr/> 88,710,724,543

### (i) Taxes payable:

	31/12/2014 VND	31/12/2013 VND
Value added tax	119,270,633	116,291,698
Corporate income tax	32,013,233,734	18,926,098,684
Personal income tax	17,433,905,656	13,463,444,735
	<hr/> 49,566,410,023	<hr/> 32,505,835,117

### (ii) Movements of bonus and welfare fund during the year were as follows:

	2014 VND
Opening balance	-
Reclassification from other reserves (Note 21)	4,181,900,583
Amount made during the year	224,772,569
Amount utilised during the year	(1,683,049,397)
	<hr/>
Closing balance	2,723,623,755

## 20. Provision for off-balance sheet commitments

Movements in provision for off-balance sheet commitments during the year were as follows:

	2014 VND	2013 VND
Opening balance	610,741,178	437,599,928
Provision made during the year	-	173,141,250
Provision reversed during the year	(610,741,178)	-
Closing balance	-	610,741,178

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

## 21. Capital and reserves

### (i) Statement of changes in equity

	Charter capital VND	Treasury shares VND	Reserve to supplement charter capital VND	Financial reserve VND	Other reserves VND	Retained profits VND	Total VND
<b>Balance at</b>							
<b>1 January 2013</b>	3,000,000,000,000	(34,200,000,000)	35,944,596,079	81,096,880,348	10,490,258,277	352,185,863,076	3,445,517,597,780
Net profit for the year	-	-	-	-	-	313,426,706,994	313,426,706,994
Appropriation to reserves	-	-	17,455,191,581	34,910,383,161	15,946,167,608	(68,311,742,350)	-
Utilisation of reserves	-	-	(166,669,026)	(333,338,052)	(16,158,525,335)	-	(16,658,532,413)
Distribution of dividends	-	-	-	-	-	(266,580,000,000)	(266,580,000,000)
<b>Balance at</b>							
<b>1 January 2014</b>	3,000,000,000,000	(34,200,000,000)	53,233,118,634	115,673,925,457	10,277,900,550	330,720,827,720	3,475,705,772,361
Net profit for the year	-	-	-	-	-	175,912,662,050	175,912,662,050
Appropriation to reserves	-	-	15,671,335,350	31,342,670,699	10,656,508,038	(57,670,514,087)	-
Distribution of dividends	-	-	-	-	-	(266,580,000,000)	(266,580,000,000)
Utilisation of reserves	-	-	-	-	(16,749,420,305)	-	(16,749,420,305)
Reclassification to other payables (Note 19)	-	-	-	-	(4,181,900,583)	-	(4,181,900,583)
<b>Balance at</b>							
<b>31 December 2014</b>	3,000,000,000,000	(34,200,000,000)	68,904,453,984	147,016,596,156	3,087,700	182,382,975,683	3,364,107,113,523

(ii) *Charter capital*

	31/12/2014		31/12/2013	
	Number of shares	VND	Number of shares	VND
<b>Authorised charter capital</b>	300,000,000	3,000,000,000,000	300,000,000	3,000,000,000,000
<b>Issued charter capital</b>				
Ordinary shares	300,000,000	3,000,000,000,000	300,000,000	3,000,000,000,000
<b>Treasury shares</b>				
Ordinary shares	(3,800,000)	(34,200,000,000)	(3,800,000)	(34,200,000,000)
<b>Shares in circulation</b>				
Ordinary shares	296,200,000	2,965,800,000,000	296,200,000	2,965,800,000,000

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

There was no movement in charter capital for the years ended 31 December 2014 and 2013.

## 22. Dividends

The General Meeting of Shareholders of the Group on 15 April 2014 resolved to distribute dividends amounted to VND266,580,000,000 in cash, this amount included dividend advances as at 31 December 2013 amounting to VND148,100,000,000 (Note 15) (2013: VND266,580,000,000).



## 23. Net interest income

	2014 VND	2013 VND
<i>Interest and similar income from</i>		
Deposits with and loans to other credit institutions	85,531,195,123	33,090,790,578
Loans and advances to customers	1,874,813,659,718	2,131,381,710,619
Investment securities	129,289,512,399	221,264,624,754
Guarantee services	1,113,519,876	-
Others	4,098,235,807	3,390,242,694
	<hr/> 2,094,846,122,923	<hr/> 2,389,127,368,645
<i>Interest and similar expenses on</i>		
Deposits and borrowings from other credit institutions	(48,688,781,903)	(63,981,521,646)
Deposits from customers	(1,145,166,379,768)	(878,515,377,336)
Valuable papers issued	(17,283,577,932)	(157,285,193,379)
Others	(89,990,121,469)	(254,986,253,990)
	<hr/> (1,301,128,861,072)	<hr/> (1,354,768,346,351)
	<hr/> 793,717,261,851	<hr/> 1,034,359,022,294

## 24. Net fee and commission (expense)/income

	2014 VND	2013 VND
<i>Fee and commission income</i>		
Guarantee services	-	1,604,508,975
Settlement and cashiering services	5,848,265,475	4,787,408,779
Others	154,728,119	626,542,965
	<hr/> 6,002,993,594	<hr/> 7,018,460,719
<i>Fee and commission expenses</i>		
Settlement and cashiering services	(5,702,676,843)	(5,922,776,491)
Others	(663,119,028)	(419,325,331)
	<hr/> (6,365,795,871)	<hr/> (6,342,101,822)
	<hr/> (362,802,277)	<hr/> 676,358,897

## 25. Net (loss)/profit from trading of foreign currencies

	2014 VND	2013 VND
<i>Profits from trading of foreign currencies</i>		
▪ Spot foreign currency contracts	28,450,149,124	6,828,365,398
▪ Derivatives	68,000,099	448,595,689
▪ Others	101,843,145	4,376,670
<i>Losses on trading of foreign currencies</i>		
▪ Spot foreign currency contracts	(10,211,463,476)	(6,503,881,835)
▪ Derivatives	(19,653,646,469)	(146,329,534)
▪ Others	(403,875)	(202,612,113)
	(1,245,521,452)	428,514,275

## 26. Net profit/(loss) from trading of investment securities

	2014 VND	2013 VND
Profits from trading of investment securities	24,662,575,118	-
Losses on trading of investment securities	(507,411,083)	(95,826,064)
Reversals of allowance for diminution in the value of investment securities	23,083,750,000	-
Allowance made for diminution in the value of investment securities	(46,272,927,402)	(58,083,750,000)
	965,986,633	(58,179,576,064)

## 27. Net other income

	2014 VND	2013 VND
<b>Other income</b>		
Proceeds from disposals of fixed assets	11,616,014,321	515,088,182
Proceeds from bad debts previously written off	3,996,090,877	2,990,773,874
Proceeds from selling debts to VAMC	5,789,548,000	-
Proceed from contracts breached by counterparties	-	10,000,000,000
Others	1,804,914,771	1,240,397,499
	<hr/> 23,206,567,969	<hr/> 14,746,259,555
<b>Other expenses</b>		
Net book value of disposed fixed assets	(5,863,950,081)	(686,121,412)
Expenses on social activities	(13,181,855,000)	-
Others	(3,838,937)	(792,643,037)
	<hr/> (19,049,644,018)	<hr/> (1,478,764,449)
	<hr/> 4,156,923,951	<hr/> 13,267,495,106

## 28. Income from capital contribution, long-term investments

	2014 VND	2013 VND
Dividends	4,284,675,000	72,872,522,591

## 29. Operating expenses

	2014 VND	2013 VND
1. Tax, duties and fees	14,630,332,983	14,379,749,075
2. Salaries and related expenses	267,469,553,738	211,057,372,807
In which:		
<i>Salaries and allowances</i>	229,525,392,450	182,969,177,327
<i>Contributions related to salaries</i>	25,285,102,528	23,132,542,251
<i>Others</i>	12,659,058,760	4,955,653,229
3. Expenses on assets	103,461,850,768	97,406,456,364
In which:		
<i>Depreciation and amortisation expenses</i>	29,767,551,425	23,478,527,750
<i>Office rental expenses</i>	39,381,261,834	44,670,841,598
<i>Repair and maintenance expenses</i>	19,668,436,842	19,223,472,830
<i>Purchases of equipment expenses</i>	14,133,854,083	9,314,574,015
<i>Other expenses</i>	510,746,584	719,040,171
4. Administration expenses	120,379,996,485	248,782,441,860
In which:		
<i>Marketing, promotion and printing expenses</i>	49,641,408,042	187,225,953,576
<i>Perdiem</i>	4,415,975,012	7,612,992,525
<i>Utility, office cleaning and gasoline expenses</i>	21,078,093,351	19,239,470,193
<i>Communication, technology research expenses</i>	13,282,511,241	10,992,900,074
<i>Training expenses</i>	2,221,303,830	2,229,479,633
<i>Meeting, reception and festival expenses</i>	20,481,508,620	14,402,745,764
<i>Others</i>	9,259,196,389	7,078,900,095
5. Insurance expenses for deposits from customers	19,374,268,000	15,960,841,000
	525,316,001,974	587,586,861,106

### 30. Income tax

#### (a) Recognised in the consolidated statement of income

	2014 VND	2013 VND
<b>Current tax expense</b>		
Current year	50,098,822,191	79,980,582,610
Under provision in prior years	7,700,000,000	-
	<hr/> 57,798,822,191	<hr/> 79,980,582,610
<b>Deferred tax expense</b>	-	-
	<hr/>	<hr/>
<b>Income tax expense</b>	<hr/> 57,798,822,191	<hr/> 79,980,582,610

#### (b) Reconciliation of effective tax rate

	2014 VND	2013 VND
Profit before tax	233,711,484,241	393,407,289,604
	<hr/>	<hr/>
Tax at the Bank's tax rate	51,352,362,884	98,198,713,258
Tax exempt income	(1,288,922,633)	(18,218,130,648)
Non-deductible expenses	35,381,940	-
Under provision in prior years	7,700,000,000	-
	<hr/>	<hr/>
<b>Income tax expense</b>	<hr/> 57,798,822,191	<hr/> 79,980,582,610

#### (c) Applicable tax rates

The Bank's income tax rates are 22% and 25% of taxable profits for the years ended 31 December 2014 and 2013, respectively.

The usual income tax rate applicable to enterprises before any incentives is 22% for 2014 and 2015, and will be reduced to 20% from 2016.

Kienlongbank Asset Management Company - Kien Long Commercial Joint Stock Bank has an obligation to pay the government income tax at the rate of 20% of taxable profits.

The calculation of income tax depends on the consideration and approval from tax authorities.

### 31. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2014 was based on profit attributable to ordinary shareholders of VND175,912,662,050 (31/12/2013: VND313,426,706,994) and a weighted average number of ordinary shares outstanding of 296,200,000 (2013: 296,200,000), calculated as follows:

(i) *Net profit attributable to ordinary shareholders*

	2014 VND	2013 VND
Net profit attributable to ordinary shareholders	175,912,662,050	313,426,706,994

(ii) *Weighted average number of ordinary shares*

	2014 VND	2013 VND
Ordinary shares issued at the beginning of the year and at the end of the year	296,200,000	296,200,000

(iii) *Basic earnings per share*

	2014 VND	2013 VND
Basic earnings per share	593	1,058

### 32. Cash and cash equivalents

	31/12/2014 VND	31/12/2013 VND
Cash on hand and gold	140,564,992,881	105,652,797,636
Balances with the State Bank of Vietnam	622,869,095,680	500,116,724,241
Deposits with and loans to other credit institutions with original terms to maturity of not more than three months	3,422,209,781,203	3,374,029,208,637
	<hr/> 4,185,643,869,764	<hr/> 3,979,798,730,514

### 33. Employees' benefits

	2014 VND	2013 VND
Total average number of employees	1,795	1,642
Income of employees		
1. Salaries	210,198,971,619	162,337,596,251
2. Bonus	19,326,420,831	20,631,581,076
	<hr/> 229,525,392,450	<hr/> 182,969,177,327
3. Total income (1+2)		
Average annual salary/employee	117,102,491	98,865,771
Average annual income/employee	127,869,299	111,430,680



### 34. Obligations to the State Budget

2014	Opening balance VND	Movements Incurred VND	Paid VND	Closing balance VND
Value added tax	116,291,698	963,550,724	(960,571,789)	119,270,633
Corporate income tax	18,926,098,684	57,798,822,191	(44,711,687,141)	32,013,233,734
Personal income tax	13,463,444,735	17,058,426,143	(13,087,965,222)	17,433,905,656
	32,505,835,117	75,820,799,058	(58,760,224,152)	49,566,410,023

2013	Opening balance VND	Movements Incurred VND	Paid VND	Closing balance VND
Value added tax	128,726,072	683,280,502	(695,714,876)	116,291,698
Corporate income tax	95,898,737,223	79,980,582,610	(156,953,221,149)	18,926,098,684
Personal income tax	690,387,834	13,834,208,107	(1,061,151,206)	13,463,444,735
	96,717,851,129	94,498,071,219	(158,710,087,231)	32,505,835,117

### 35. Type and value of collaterals received from customers

	31/12/2014 VND	31/12/2013 VND
Real estate	19,853,244,159,726	22,587,753,757,643
Inventories	264,846,648,849	298,624,699,888
Machineries and equipments	6,503,620,526,616	7,328,316,384
Shares and valuable papers	30,797,914,870	4,731,795,982,527
Others	207,134,245,598	648,925,336,303
	26,859,643,495,659	28,274,428,092,745

### 36. Contingent liabilities and commitments issued

	31/12/2014		31/12/2013	
	Contractual amount VND	Marginal deposits VND	Contractual amount VND	Marginal deposits VND
Letters of credit commitments	138,275,105,333	(13,751,072,163)	35,716,258,783	(5,204,168,905)
Other guarantees	17,018,808,854	(1,450,906,688)	50,115,274,226	(10,229,805,061)
	155,293,914,187	(15,201,978,851)	85,831,533,009	(15,433,973,966)

### 37. Concentrations of assets, liabilities and off-balance sheet commitments by geographical area

As at 31 December 2014	Total of deposits and loans VND	Total of deposits and borrowings VND	Credit commitments VND	Derivatives VND	Investment securities VND
Domestic	16,948,676,283,580	19,352,509,931,143	155,293,914,187	188,013,146,004	3,086,022,230,557
As at 31 December 2013	Total of deposits and loans VND	Total of deposits and borrowings VND	Credit commitments VND	Derivatives VND	Investment securities VND
Domestic	15,587,656,670,159	16,931,030,930,961	85,831,533,009	159,586,081,308	3,435,429,522,534

### 38. Significant transactions and balances with related parties

As at the year-end and during the year, there were the following significant balances and transactions with related parties:

Closing balance	31/12/2014 Receivables/(payables) VND	31/12/2013 Receivables/(payables) VND
<b>Member of Board of Management</b>		
Deposits	(550,859,343)	(14,000,287,495)
Interest payables	(7,240,304)	(7,035,623)
<b>Member of Board of Directors</b>		
Deposits	(2,382,182,244)	(2,973,583,417)
Interest payables	(26,949,473)	(41,956,992)
<b>Member of Board of Supervisors</b>		
Deposits	(526,853,583)	(83,327,853)
Interest payables	(12,236,322)	(5,644)
<hr/>		
Transactions incurred during the year	2014 VND	2013 VND
<b>Member of Board of Management</b>		
Deposits	83,162,035,071	166,656,495,938
Interest expenses on deposits	53,933,607	262,149,207
Salaries and bonus	6,414,233,334	4,654,972,222
<b>Member of Board of Directors</b>		
Deposits	24,225,225,501	23,522,336,287
Interest expenses on deposits	197,676,528	11,858,937
Salaries and bonus	6,489,453,111	5,820,134,417
<b>Member of Board of Supervisors</b>		
Deposits	14,863,256,867	7,733,661,003
Interest expenses on deposits	1,294,985	303,486
Salaries and bonus	1,886,666,667	1,518,833,333

### 39. Segment reporting

At present, the Group is operating in a main region which is Vietnam. The Group's business segment is commercial bank and asset management.

#### For the year ended 31 December 2014

	Commercial bank VND	Asset management VND	Elimination VND	Total VND
Income	2,134,778,611,323	5,566,999,113	(11,039,264,317)	2,129,306,346,119
Expenses	(1,869,265,082,931)	(731,282,181)	4,169,054,659	(1,865,827,310,453)
Depreciation of fixed assets	(28,140,016,941)	(1,627,534,484)	-	(29,767,551,425)
<b>Profit before tax</b>	<b>237,373,511,451</b>	<b>3,208,182,448</b>	<b>(6,870,209,658)</b>	<b>233,711,484,241</b>

#### As at 31 December 2014

	Commercial bank VND	Asset management VND	Elimination VND	Total VND
Segment assets	23,382,279,809,086	504,968,533,997	(783,322,774,683)	23,103,925,568,400
<b>Total assets</b>	<b>23,382,279,809,086</b>	<b>504,968,533,997</b>	<b>(783,322,774,683)</b>	<b>23,103,925,568,400</b>
Segment liabilities	20,022,230,892,287	910,337,273	(283,322,774,683)	19,739,818,454,877
<b>Total liabilities</b>	<b>20,022,230,892,287</b>	<b>910,337,273</b>	<b>(283,322,774,683)</b>	<b>19,739,818,454,877</b>

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

*For the year ended 31 December 2013*

	Commercial bank VND	Asset management VND	Elimination VND	Total VND
Income	2,482,888,050,513	9,251,286,316	(7,946,211,044)	2,484,193,125,785
Expenses	(2,074,616,961,494)	(636,557,981)	7,946,211,044	(2,067,307,308,431)
Depreciation of fixed assets	(23,450,090,249)	(28,437,501)	-	(23,478,527,750)
<b>Profit before tax</b>	<b>384,820,998,770</b>	<b>8,586,290,834</b>	<b>-</b>	<b>393,407,289,604</b>

*As at 31 December 2013*

	Commercial bank VND	Asset management VND	Elimination VND	Total VND
Segment assets	21,849,003,455,997	508,240,588,329	(985,455,121,767)	21,371,788,922,559
<b>Total assets</b>	<b>21,849,003,455,997</b>	<b>508,240,588,329</b>	<b>(985,455,121,767)</b>	<b>21,371,788,922,559</b>
Segment liabilities	18,380,817,902,495	720,369,470	(485,455,121,767)	17,896,083,150,198
<b>Total liabilities</b>	<b>18,380,817,902,495</b>	<b>720,369,470</b>	<b>(485,455,121,767)</b>	<b>17,896,083,150,198</b>

## **40. Financial risk management**

### **(a) Financial risk management**

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Group established a Risk Management Committee ("RMC") and set out its roles and responsibilities as follows:

- The Risk Management Committee is responsible for:
  - Consulting the Board of Management ("BOM") on issuing the procedures and policies relating to risk management in banking activities as stipulated in the prevailing laws and the Bank's charter.
  - Analysing and providing warnings on the Bank's safety level against potential risks exposures and short-term as well as long-term preventive measures.
  - Reviewing and evaluating the appropriateness and the effectiveness of the Bank's current risk management policies in order to recommend and propose to the BOM required changes to existing procedures and policies as well as operational strategies.
  - Consulting the BOM on investment decisions, related party transactions, management policies and risk management solutions within its responsibility.

The RMC is responsible for reporting to the BOM and meet on a regular basis or an ad-hoc basis but at least semi-annually.

**(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.

***Management of credit risk***

Credit risk arises mainly from lending activities and investment activities involving investments in debt securities. The Group manages and monitors credit risk by setting the risk limit which the Bank is willing to accept for individual counterparty, and by monitoring exposures in relation to such limits.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. Limits for each counterparty are established by the use of a credit risk classification system in accordance with the SBV's regulations. System assigns each counterparty a risk rating. Risk ratings are subject to quarterly review. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed to and take corrective actions on a timely basis.

***Collaterals***

The value and type of collaterals required depend on the credit risk assessment of the counterparty. Guidelines are issued and implemented regarding the acceptability of types of collateral and collaterals assessment. The main types of collateral obtained are real estate, inventories, machineries and equipments, shares and valuable papers.

***Commitments and guarantees***

To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the consolidated balance sheet, they do contain credit risk and are therefore part of the overall risk of the Group.

***Concentration of credit risk***

The Group's concentrations of risk are managed by client, by geographical region and by industry sector.



Not considering collaterals, the maximum exposure to credit risk at the reporting date was as follows:

	31/12/2014 VND	31/12/2013 VND
<b>Loans and receivables</b>		
Balances with the SBV	622,869,095,680	500,116,724,241
Deposits with and loans to other credit institutions	3,422,209,781,203	3,459,029,208,637
Derivatives and other financial assets	-	326,745,340
Loans and advances to customers – gross	13,526,466,502,377	12,128,627,461,522
Accrued interest and fees receivable	931,507,586,581	808,077,575,588
Other receivables	171,629,726,692	180,690,283,484
	18,674,682,692,533	17,076,867,998,812
<b>Available-for-sale financial assets</b>		
Available-for-sale debt securities	2,200,070,309,845	2,172,294,047,523
<b>Held-to-maturity investments</b>		
Held-to-maturity securities – gross	361,202,170,712	703,385,725,011
<b>Off-balance sheet commitments</b>		
Letters of credit commitments	138,275,105,333	35,716,258,783
Other guarantees	17,018,808,854	50,115,274,226
	155,293,914,187	85,831,533,009
	21,391,249,087,277	20,038,379,304,355

An analysis of collaterals of financial assets which are neither past due nor impaired as at the reporting date was as follows:

As at 31 December 2014	Secured VND	Unsecured VND	Total VND
<b>Loans and receivables</b>			
Balance with the SBV	-	622,869,095,680	622,869,095,680
Deposits with and loans to other credit institutions (i)	-	3,422,209,781,203	3,422,209,781,203
Loans and advances to customers - gross (ii)	13,150,861,695,682	79,259,747,573	13,230,121,443,255
Accrued interest and fees receivable	-	931,507,586,581	931,507,586,581
Other receivables	-	171,629,726,692	171,629,726,692
	13,150,861,695,682	5,227,475,937,729	18,378,337,633,411
<b>Available-for-sale financial assets</b>			
Available-for-sale debt securities (iii)	-	2,200,070,309,845	2,200,070,309,845
<b>Off-balance sheet commitments</b>			
Letters of credit commitments	13,078,466,508	125,196,638,825	138,275,105,333
Other guarantees	308,275,000	16,710,533,854	17,018,808,854
	13,386,741,508	141,907,172,679	155,293,914,187
	13,164,248,437,190	7,569,453,420,253	20,733,701,857,443

As at 31 December 2013	Secured VND	Unsecured VND	Total VND
<b>Loans and receivables</b>			
Balance with the SBV	-	500,116,724,241	500,116,724,241
Deposits with and loans to other credit institutions (i)	-	3,459,029,208,637	3,459,029,208,637
Derivatives and other financial assets	-	326,745,340	326,745,340
Loans and advances to customers - gross (ii)	11,670,142,728,109	73,251,446,049	11,743,394,174,158
Accrued interest and fees receivable	-	808,077,575,588	808,077,575,588
Other receivables	-	180,690,283,484	180,690,283,484
	11,670,142,728,109	5,021,491,983,339	16,691,634,711,448
<b>Available-for-sale financial assets</b>			
Available-for-sale debt securities (iii)	-	2,172,294,047,523	2,172,294,047,523
<b>Held-to-maturity investments</b>			
Held-to-maturity securities - gross (iii)	-	703,385,725,011	703,385,725,011
	-	2,875,679,772,534	2,875,679,772,534
<b>Off-balance sheet commitments</b>			
Letters of credit commitments	33,863,786,600	1,852,472,183	35,716,258,783
Other guarantees	321,807,352	49,793,466,874	50,115,274,226
	34,185,593,952	51,645,939,057	85,831,533,009
	11,704,328,322,061	7,948,817,694,930	19,653,146,016,991

An analysis of collaterals against financial assets which are not past due but impaired as at 31 December 2014 was as follows:

	Secured VND	Unsecured VND	Total VND
<b>Held-to-maturity investments</b>			
Held-to-maturity securities - gross (iii)	-	361,202,170,712	361,202,170,712

As at 31 December 2013, there were no financial assets which were not past due but impaired.

**(i) Deposits with and loans to other credit institutions**

Deposits with and loans to other credit institutions of the Group is mainly held with well-known financial institutions. The Group's Board of Directors does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

**(ii) Loans and advances to customers**

Loans and advances to customers that are neither past due nor impaired are mostly due from customers with good credit history with the Group. The Board of Directors believes that these loans are of high credit quality.

**(iii) Available-for-sale debt securities and held-to-maturity securities**

The Board of Directors does not foresee any significant credit risks from these investments and does not expect that these financial institutions may default and cause losses to the Group.

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

As at 31 December 2014	Past due from 10 to 90 days VND	Past due from 91 to 180 days VND	Past due from 181 to 360 days VND	Past due over 360 days VND	Total VND
<b>Loans and receivables</b>					
Loans and advances to customers - gross	7,118,536,946	5,859,131,838	6,163,503,339	57,709,395,013	76,850,567,136
<hr/>					
As at 31 December 2013	Past due from 10 to 90 days VND	Past due from 91 to 180 days VND	Past due from 181 to 360 days VND	Past due over 360 days VND	Total VND
<b>Loans and receivables</b>					
Loans and advances to customers - gross	17,451,304,227	10,273,928,387	9,519,406,555	44,960,176,672	82,204,815,841
<hr/>					

An aging analysis of impaired financial assets was as follows:

As at 31 December 2014	Past due from 10 to 90 days VND	Past due from 91 to 180 days VND	Past due from 181 to 360 days VND	Past due over 360 days VND	Total VND
Loans and receivables					
Loans and advances to customers - gross	25,001,615,592	26,218,092,929	22,803,605,881	145,471,177,584	219,494,491,986

As at 31 December 2013	Past due from 10 to 90 days VND	Past due from 91 to 180 days VND	Past due from 181 to 360 days VND	Past due over 360 days VND	Total VND
Loans and receivables					
Loans and advances to customers - gross	68,061,317,549	29,188,486,463	39,386,389,840	166,392,277,671	303,028,471,523

Refer to Note 35 for the types and carrying values of collaterals received from customers. The Group has not determined the fair value of collaterals for past due and impaired financial assets because there is no market price available for these collaterals and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam. Fair values of these collaterals may differ from their carrying values.

### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

#### *Management of liquidity risk*

The Group has established procedures and internal regulations on liquidity risk management in accordance with the SBV's regulations and common practices in Vietnam. The Group's regulations on liquidity management is in order to: determine liquidity status and demand of the Group for each period; establish and maintain the usable funds in necessary cases; set liquidity limits; ensure liquidity ability of the Group against market's movements; help the Group to operate stably, safely and effectively.

In which, Treasury Department is responsible for the Group's liquidity risk management. Treasury Department's liquidity management team is responsible for organising regular meetings and preparing reports of liquidity status of the Group to submit to Asset and Liability Committee ("ALCO").

ALCO is responsible for reviewing quarterly reports relating to liquidity status of the Group; proposing changes to terms, interest rates, prices of product and services of the bank in order to ensure that liquidity risk is within the acceptable range and meet business goals; purchasing or selling securities with certain natures and purposes to ensure that liquidity risk is within the acceptable range and meet business goals; supervising terms of borrowings, fundings of the Group in order to ensure liquidity capacity of the Group.

Liquidity indicators reports are managed daily to meet requirements for frequent risk management such as general requirements for the Group's liquidity, requirements for maintaining daily liquidity, general requirements for liquidity allowance, daily liquidity determination, situations that are shortage of liquidity in short-term, emergency or long-term. In addition, detail reports on prediction of ability to meet short-term obligations within 7 days are also calculated based on updated data in order to mitigate liquidity risk of the Group.

*The liquidity ratios according to the regulations of the SBV*

The Group maintains a minimum ratio of 15% of the total current assets to the total liabilities.

A minimum ratio equals to 1 between the assets being due within the next 7 working days and the liabilities being due within the next 7 working days for VND, EUR, GBP and USD (including USD and other foreign currencies converted into USD using day-end inter-bank rate).

*Analysis of assets and liabilities by remaining contractual maturities*

The following table presents an analysis of the assets and liabilities of the Group by groups based on the remaining period from the reporting date to the maturity date. The actual maturity of assets or liabilities may differ from contractual terms based on addenda to the contracts (if any).

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*the Governor of the State Bank of Vietnam)*

**Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)**

As at 31 December 2014	Overdue over 3 months VND	Overdue up to 3 months VND	Up to 1 month VND	From 1 month to 3 months VND	Current From 3 months to 12 months VND	From 1 year to 5 years VND	Over 5 years VND	Total VND
<b>Assets</b>								
Cash on hand and gold	-	-	140,564,992,881	-	-	-	-	140,564,992,881
Balances with the SBV	-	-	622,869,095,680	-	-	-	-	622,869,095,680
Deposits with and loans to other credit institutions	-	-	3,322,209,781,203	100,000,000,000	-	-	-	3,422,209,781,203
Loans and advances to customers – gross	264,224,906,584	32,120,152,538	384,617,012,657	155,067,476,022	4,537,718,078,160	6,195,120,063,373	1,957,598,813,043	13,526,466,502,377
Investment securities – gross	-	-	-	-	458,080,876,076	2,103,191,604,481	524,749,750,000	3,086,022,230,557
Capital contribution, long-term investments	-	-	-	-	-	46,199,100,000	-	46,199,100,000
Fixed assets	-	-	-	-	-	616,569,018,572	341,525,117,790	938,094,136,362
Other assets	-	-	1,089,558,264,683	16,196,161,333	120,687,761,964	257,830,446,145	-	1,484,272,634,125
	<b>264,224,906,584</b>	<b>32,120,152,538</b>	<b>5,559,819,147,104</b>	<b>271,263,637,355</b>	<b>5,116,486,716,200</b>	<b>9,218,910,232,571</b>	<b>2,823,873,680,833</b>	<b>23,286,698,473,185</b>
<b>Liabilities</b>								
Deposits and borrowings from other credit institutions	-	-	2,318,436,157,036	319,983,455,071	93,255,926,300	49,259,749,468	1,047,368,524	2,781,982,656,399
Deposits from customers	-	-	4,949,395,761,712	3,639,782,307,961	7,423,119,899,953	558,158,617,114	70,688,004	16,570,527,274,744
Derivatives and other financial liabilities	-	-	7,004,652,427	-	-	-	-	7,004,652,427
Other liabilities	-	-	307,876,354,222	57,946,138,769	12,132,529,253	2,348,849,063	-	380,303,871,307
	<b>-</b>	<b>-</b>	<b>7,582,712,925,397</b>	<b>4,017,711,901,801</b>	<b>7,528,508,355,506</b>	<b>609,767,215,645</b>	<b>1,118,056,528</b>	<b>19,739,818,454,877</b>
<b>Net liquidity gap</b>	<b>264,224,906,584</b>	<b>32,120,152,538</b>	<b>(2,022,893,778,293)</b>	<b>(3,746,448,264,446)</b>	<b>(2,412,021,639,306)</b>	<b>8,609,143,016,926</b>	<b>2,822,755,624,305</b>	<b>3,546,880,018,308</b>

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As at 31 December 2013	Overdue over 3 months VND	Overdue up to 3 months VND	Up to 1 month VND	From 1 month to 3 months VND	Current From 3 months to 12 months VND	From 1 year to 5 years VND	Over 5 years VND	Total VND
<b>Assets</b>								
Cash on hand and gold	-	-	105,652,797,636	-	-	-	-	105,652,797,636
Balances with the SBV	-	-	500,116,724,241	-	-	-	-	500,116,724,241
Deposits with and loans to other credit institutions	-	-	1,459,029,208,637	-	-	2,000,000,000,000	-	3,459,029,208,637
Derivatives and other financial assets	-	-	326,745,340	-	-	-	-	326,745,340
Loans and advances to customers – gross	299,720,665,588	85,512,621,776	1,622,647,197,529	1,151,116,235,147	5,591,457,021,963	2,370,942,551,085	1,007,231,168,434	12,128,627,461,522
Investment securities – gross	-	-	-	-	-	1,850,000,000,000	1,585,429,522,534	3,435,429,522,534
Capital contribution	-	-	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	69,521,100,000	-	69,521,100,000
Fixed assets	-	-	-	-	-	507,532,587,630	154,188,289,637	661,720,877,267
Other assets	-	-	971,340,049,511	18,543,393,268	60,196,429,034	144,473,343,920	-	1,194,553,215,733
	<b>299,720,665,588</b>	<b>85,512,621,776</b>	<b>4,659,112,722,894</b>	<b>1,169,659,628,415</b>	<b>5,651,653,450,997</b>	<b>6,942,469,582,635</b>	<b>2,746,848,980,605</b>	<b>21,554,977,652,910</b>
<b>Liabilities</b>								
Deposits and borrowings from other credit institutions	-	-	2,025,728,022,212	101,676,000,000	1,500,000,000,000	-	-	3,627,404,022,212
Deposits from customers	-	-	220,735,664,977	3,889,565,998,339	7,504,629,964,051	1,688,695,281,382	-	13,303,626,908,749
Financed, entrusted and borrowed funds bore risks by the Bank	-	-	-	-	-	78,754,950,033	-	78,754,950,033
Valuable papers issued	-	-	-	-	500,000,000,000	-	-	500,000,000,000
Other liabilities	-	-	332,585,220,161	44,901,672,518	8,199,635,347	-	-	385,686,528,026
	<b>-</b>	<b>-</b>	<b>2,579,048,907,350</b>	<b>4,036,143,670,857</b>	<b>9,512,829,599,398</b>	<b>1,767,450,231,415</b>	<b>-</b>	<b>17,895,472,409,020</b>
<b>Net liquidity gap</b>	<b>299,720,665,588</b>	<b>85,512,621,776</b>	<b>2,080,063,815,544</b>	<b>(2,866,484,042,442)</b>	<b>(3,861,176,148,401)</b>	<b>5,175,019,351,220</b>	<b>2,746,848,980,605</b>	<b>3,659,505,243,890</b>



**(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Management of market risk*

The Group makes calculations, evaluations and predictions regarding market fluctuations that can impact on the short-term and medium-term results of operations, based on which the Group raises warnings as well as suggests measures to increase profit and limit bad impacts on the balance sheet. ALCO organises periodical meetings to update the market information so as to make decisions quickly and timely to minimise the market risk to the lowest level as possible.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group calculates and determines factors relating to interest rate on a monthly basis or when there are the market fluctuations such as the gap between average interest rate input and output; structure of interest rate for mobilisation and lending by terms; calculates the difference in term between assets and liabilities, etc. as basis for adjusting interest rate as well as estimating business effectiveness.

Daily, based on the regular updates interest rate of inter-bank and mobilised market of individuals and organisations, the Treasury Department prepares reports, makes decisions for business plans and recommends necessary adjustment of interest rates.

The following table shows the Group's assets and liabilities categorised by the earlier of contractual repricing or maturity date at the reporting date. The expected repricing and maturity dates may differ significantly from contractual dates particularly with regard to the maturity of customers' deposits.

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As at 31 December 2014	Overdue VND	Non-interest bearing VND	Up to 1 month VND	From 1 month to 3 months VND	From 3 months to 6 months VND	From 6 months to 12 months VND	From 1 year to 5 years VND	Over 5 years VND	Total VND
<b>Assets</b>									
Cash on hand and gold	-	140,564,992,881	-	-	-	-	-	-	140,564,992,881
Balances with the SBV	-	280,970,095,680	341,899,000,000	-	-	-	-	-	622,869,095,680
Deposits with and loans to other credit institutions	-	-	1,274,643,281,203	2,147,566,500,000	-	-	-	-	3,422,209,781,203
Loans and advances to customers – gross	296,345,059,122	-	899,791,745,301	154,376,848,484	182,638,505,024	3,645,869,940,411	6,975,897,441,345	1,371,546,962,690	13,326,466,502,377
Investment securities – gross	-	-	-	-	-	50,000,000,000	2,169,578,873,179	866,443,357,378	3,086,022,230,557
Capital contribution, long-term investments	-	-	-	-	-	-	-	-	46,199,100,000
Fixed assets	-	-	-	-	-	-	-	-	958,094,136,362
Other assets	-	1,484,272,634,125	-	-	-	-	-	-	1,484,272,634,125
	<b>296,345,059,122</b>	<b>2,910,100,959,048</b>	<b>2,516,334,026,504</b>	<b>2,301,943,348,484</b>	<b>182,638,505,024</b>	<b>3,695,869,940,411</b>	<b>9,145,476,314,524</b>	<b>2,237,990,320,068</b>	<b>23,286,698,473,185</b>
<b>Liabilities</b>									
Deposits and borrowings from other credit institutions	-	-	1,052,498,589,869	1,563,601,141,738	-	5,732,500,000	159,103,056,268	1,047,368,524	2,781,982,656,399
Deposits from customers	-	-	1,601,692,020,237	1,165,141,564,801	2,508,952,961,688	4,529,814,777,807	6,749,676,971,692	15,248,978,519	16,570,527,274,744
Derivatives and other financial liabilities	-	-	7,004,652,427	-	-	-	-	-	7,004,652,427
Other liabilities	-	380,303,871,307	-	-	-	-	-	-	380,303,871,307
	<b>-</b>	<b>380,303,871,307</b>	<b>2,661,195,262,533</b>	<b>2,728,742,706,539</b>	<b>2,508,952,961,688</b>	<b>4,535,547,277,807</b>	<b>6,908,780,027,960</b>	<b>16,296,347,043</b>	<b>19,739,818,454,877</b>
<b>Interest sensitivity gap of balance sheet items</b>	<b>296,345,059,122</b>	<b>2,529,797,087,741</b>	<b>(144,861,236,029)</b>	<b>(426,799,358,055)</b>	<b>(2,326,314,456,664)</b>	<b>(839,677,337,396)</b>	<b>2,236,696,286,564</b>	<b>2,221,693,973,025</b>	<b>3,546,880,018,308</b>
<b>Interest sensitivity gap of off-balance sheet items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total sensitivity interest gap</b>	<b>296,345,059,122</b>	<b>2,529,797,087,741</b>	<b>(144,861,236,029)</b>	<b>(426,799,358,055)</b>	<b>(2,326,314,456,664)</b>	<b>(839,677,337,396)</b>	<b>2,236,696,286,564</b>	<b>2,221,693,973,025</b>	<b>3,546,880,018,308</b>

**Kien Long Commercial Joint Stock Bank**  
**16 – 18 Pham Hong Thai, Vinh Thanh Van Ward**  
**Rach Gia City, Kien Giang Province, Vietnam**

**Form B05/TCTD - HN**  
*(Issued in accordance with Decision No.*  
*16/2007/QĐ-NHNN dated 18 April 2007 of*  
*the Governor of the State Bank of Vietnam)*

**Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)**

As at 31 December 2013	Overdue VND	Non-interest bearing VND	Up to 1 month VND	From 1 month to 3 months VND	From 3 months to 6 months VND	From 6 months to 12 months VND	From 1 year to 5 years VND	Over 5 years VND	Total VND
<b>Assets</b>									
Cash on hand and gold	-	105,652,797,636	-	-	-	-	-	-	105,652,797,636
Balances with the SBV	-	208,175,724,241	291,941,000,000	-	-	-	-	-	500,116,724,241
Deposits with and loans to other credit institutions	-	-	1,374,029,208,637	-	500,000,000,000	1,500,000,000,000	85,000,000,000	-	3,459,029,208,637
Derivatives and other financial assets	-	326,745,340	-	-	-	-	-	-	326,745,340
Loans and advances to customers – gross	385,233,287,364	-	605,086,492,631	529,432,188,302	164,543,462,629	3,896,023,681,603	5,994,187,000,000	554,121,348,993	12,128,627,461,522
Investment securities – gross	-	-	-	-	-	650,000,000,000	2,225,679,522,534	559,750,000,000	3,435,429,522,534
Capital contribution, long-term investments	-	69,521,100,000	-	-	-	-	-	-	69,521,100,000
Fixed assets	-	661,720,877,267	-	-	-	-	-	-	661,720,877,267
Other assets	-	1,194,553,215,733	-	-	-	-	-	-	1,194,553,215,733
<b>Liabilities</b>									
Deposits and borrowings from other credit institutions	-	-	1,335,728,022,212	-	791,676,000,000	1,500,000,000,000	-	-	3,627,404,022,212
Deposits from customers	-	-	220,735,165,181	3,596,762,991,860	2,405,696,952,141	4,910,686,844,579	2,169,744,954,988	-	13,303,626,908,749
Financed, entrusted and borrowed funds bore risks by the Bank	-	-	-	-	-	-	78,754,950,033	-	78,754,950,033
Valuable papers issued	-	-	-	-	-	500,000,000,000	-	-	500,000,000,000
Other liabilities	-	385,686,528,026	-	-	-	-	-	-	385,686,528,026
<b>Interest sensitivity gap of balance sheet items</b>	-	385,686,528,026	1,556,463,187,393	3,596,762,991,860	3,197,372,952,141	6,910,686,844,579	2,248,499,905,021	-	17,895,472,409,020
<b>Interest sensitivity gap of off-balance sheet items</b>	385,233,287,364	1,854,263,932,191	714,593,513,875	(3,067,330,803,558)	(2,532,829,489,512)	(864,663,162,976)	6,056,366,617,513	1,113,871,348,993	3,659,505,243,890
<b>Total sensitivity interest gap</b>	385,233,287,364	1,854,263,932,191	714,593,513,875	(3,067,330,803,558)	(2,532,829,489,512)	(864,663,162,976)	6,056,366,617,513	1,113,871,348,993	3,659,505,243,890

The following table presents the average actual annual interest rates of interest bearing financial instruments with different terms and currencies:

As at 31 December 2014		Overdue	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 12 months	From 1 year to 5 years	Over 5 years
<b>Assets</b>								
Balances with the SBV								
▪ VND		N/A	1.20%	N/A	N/A	N/A	N/A	N/A
▪ Foreign currencies		N/A	0.05%	N/A	N/A	N/A	N/A	N/A
Deposits with and loans to other credit institutions								
▪ VND		N/A	3.80%	3.95%	N/A	N/A	N/A	N/A
▪ Foreign currencies		N/A	0.95%	0.98%	N/A	N/A	N/A	N/A
Loans and advances to customers								
▪ VND		17.23%	6.83%	8.33%	11.24%	11.77%	12.84%	12.91%
▪ Foreign currencies		N/A	N/A	N/A	4.90%	4.81%	N/A	N/A
Investment securities								
▪ VND		N/A	N/A	N/A	N/A	6.70%	5.06%	N/A
<b>Liabilities</b>								
Deposits and borrowings from other credit institutions								
▪ VND		N/A	4.00%	3.96%	N/A	6.00%	6.00%	N/A
▪ Foreign currencies		N/A	0.48%	0.52%	N/A	N/A	0.75%	0.80%
Deposits from customers								
▪ VND		N/A	5.33%	5.46%	6.00%	6.73%	8.17%	8.34%
▪ Foreign currencies		N/A	0.77%	0.76%	0.83%	0.77%	0.86%	1.08%

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

As at 31 December 2013

	Overdue	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 12 months	From 1 year to 5 years	Over 5 years
<b>Assets</b>							
Balances with the SBV							
▪ VND	N/A	1.20%	N/A	N/A	N/A	N/A	N/A
▪ Foreign currencies	N/A	0.05%	N/A	N/A	N/A	N/A	N/A
Deposits with and loans to other credit institutions							
▪ VND	N/A	1.00%	N/A	5.91%	5.73%	8.00%	N/A
▪ Foreign currencies	N/A	0.15%	N/A	N/A	N/A	N/A	N/A
Loans and advances to customers							
▪ VND	17.61%	10.44%	8.57%	12.15%	13.41%	16.17%	13.74%
▪ Foreign currencies	N/A	N/A	N/A	N/A	6.50%	N/A	N/A
Investment securities							
▪ VND	N/A	N/A	N/A	N/A	8.00%	8.49%	N/A
<b>Liabilities</b>							
Deposits and borrowings from other credit institutions							
▪ VND	N/A	1.71%	N/A	5.86%	5.73%	N/A	N/A
▪ Foreign currencies	N/A	0.50%	N/A	N/A	N/A	N/A	N/A
Deposits from customers							
▪ VND	N/A	1.18%	6.84%	8.10%	9.66%	9.91%	N/A
▪ Foreign currencies	N/A	0.14%	2.06%	2.28%	1.65%	1.40%	N/A
Financed, entrusted and borrowed funds bore risks by the Bank							
▪ VND	N/A	N/A	N/A	N/A	N/A	7.59%	N/A
▪ Foreign currencies	N/A	N/A	N/A	N/A	N/A	0.75%	N/A
Valuable papers issued							
▪ VND	N/A	N/A	N/A	N/A	7.00%	N/A	N/A

**(ii) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate because of changes in foreign exchange rates against VND, the accounting currency of the Group.

The major currency in the Group's transactions is also VND. The Group's loans and advances to customers were mainly denominated in VND with the remainder in USD.

The Group applies position management system centralised at the Head Office to ensure the position compliance status in accordance with the SBV's regulations. Currency position is managed daily to ensure the positions not exceeding the limits as stipulated by the SBV. All transactions leading to open positions at branches must have counter-transactions with the Head Office.

The exchange rates are continuously updated with the market fluctuations to ensure the competitiveness of exchange rates against inter-bank market and ensure the safety of exchange rate risk by the Treasury Department. Basing on forecast analyses, the Treasury Department makes decisions on currency positions (under regulations of the SBV) as well as ensure to mitigate risks against exchange rate fluctuations.

The followings are the significant exchange rates applied by the Group at the reporting date:

	31/12/2014	31/12/2013
USD/VND	21,246	21,135
EUR/VND	26,280	28,820
AUD/VND	17,674	19,012

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

As at 31 December 2014	VND VND	USD VND	EUR VND	Other currencies VND	Total VND
<b>Assets</b>					
Cash on hand and gold	113,863,591,411	17,681,239,890	8,182,935,000	837,226,580	140,564,992,881
Balances with the SBV	588,196,069,634	34,673,026,046	-	-	622,869,095,680
Deposits with and loans to other credit institutions	1,937,645,373,154	1,483,718,252,767	348,348,496	497,806,786	3,422,209,781,203
Loans and advances to customers – gross	13,493,919,967,437	32,546,534,940	-	-	13,526,466,502,377
Investment securities – gross	3,086,022,230,557	-	-	-	3,086,022,230,557
Capital contribution, long-term investments	46,199,100,000	-	-	-	46,199,100,000
Fixed assets	958,094,136,362	-	-	-	958,094,136,362
Other assets	1,484,272,634,125	-	-	-	1,484,272,634,125
	<b>21,708,213,102,680</b>	<b>1,568,619,053,643</b>	<b>8,531,283,496</b>	<b>1,335,033,366</b>	<b>23,286,698,473,185</b>
<b>Liabilities and equity</b>					
Deposits and borrowings from other credit institutions	1,538,911,832,804	1,243,070,823,595	-	-	2,781,982,656,399
Deposits from customers	16,122,681,462,909	253,567,917,040	194,277,754,792	140,003	16,570,527,274,744
Derivatives and other financial liabilities	7,004,652,427	-	-	-	7,004,652,427
Other liabilities	380,303,871,307	-	-	-	380,303,871,307
Capital and reserves	3,364,107,113,523	-	-	-	3,364,107,113,523
	<b>21,413,008,932,970</b>	<b>1,496,638,740,635</b>	<b>194,277,754,792</b>	<b>140,003</b>	<b>23,103,925,568,400</b>
<b>FX position on-balance sheet</b>	<b>295,204,169,710</b>	<b>71,980,313,008</b>	<b>(185,746,471,296)</b>	<b>1,334,893,363</b>	<b>182,772,904,785</b>
<b>FX position off-balance sheet</b>	<b>-</b>	<b>(195,017,798,431)</b>	<b>188,013,146,004</b>	<b>-</b>	<b>(7,004,652,427)</b>
<b>FX position on and off-balance sheet</b>	<b>295,204,169,710</b>	<b>(123,037,485,423)</b>	<b>2,266,674,708</b>	<b>1,334,893,363</b>	<b>175,768,252,358</b>

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

As at 31 December 2013	VND VND	USD VND	EUR VND	Gold VND	Other currencies VND	Total VND
<b>Assets</b>						
Cash on hand and gold	87,062,289,861	14,291,719,485	2,897,788,290	861,000,000	540,000,000	105,652,797,636
Balances with the SBV	478,306,258,729	21,810,465,512	-	-	-	500,116,724,241
Deposits with and loans to other credit institutions	3,316,892,785,064	141,382,570,106	283,853,467	470,000,000	-	3,459,029,208,637
Derivatives and other financial assets	326,745,340	-	-	-	-	326,745,340
Loans and advances to customers – gross	12,010,706,440,957	117,921,020,565	-	-	-	12,128,627,461,522
Investment securities – gross	3,435,429,522,534	-	-	-	-	3,435,429,522,534
Capital contribution, long-term investments	69,521,100,000	-	-	-	-	69,521,100,000
Fixed assets	661,720,877,267	-	-	-	-	661,720,877,267
Other assets	1,194,553,215,733	-	-	-	-	1,194,553,215,733
	<b>21,254,519,235,485</b>	<b>295,405,775,668</b>	<b>3,181,641,757</b>	<b>1,331,000,000</b>	<b>540,000,000</b>	<b>21,554,977,652,910</b>
<b>Liabilities and equity</b>						
Deposits and borrowings from other credit institutions	3,627,404,022,212	-	-	-	-	3,627,404,022,212
Deposits from customers	13,028,807,128,038	274,819,780,711	-	-	-	13,303,626,908,749
Financed, entrusted and borrowed funds bore risks by the Bank	78,754,950,033	-	-	-	-	78,754,950,033
Valuable papers issued	500,000,000,000	-	-	-	-	500,000,000,000
Other liabilities	385,686,528,026	-	-	-	-	385,686,528,026
Capital and reserves	3,475,705,772,361	-	-	-	-	3,475,705,772,361
	<b>21,096,358,400,670</b>	<b>274,819,780,711</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,371,178,181,381</b>
<b>FX position on-balance sheet</b>	<b>158,160,834,815</b>	<b>20,585,994,957</b>	<b>3,181,641,757</b>	<b>1,331,000,000</b>	<b>540,000,000</b>	<b>183,799,471,529</b>
<b>FX position off-balance sheet</b>	<b>-</b>	<b>(159,259,335,968)</b>	<b>159,586,081,308</b>	<b>-</b>	<b>-</b>	<b>326,745,340</b>
<b>FX position on and off-balance sheet</b>	<b>158,160,834,815</b>	<b>(138,673,341,011)</b>	<b>162,767,723,065</b>	<b>1,331,000,000</b>	<b>540,000,000</b>	<b>184,126,216,869</b>



At 31 December 2014, assuming that all other variables, in particular interest rates, remain constant, had USD strengthen or weaken against VND by 2%, the decrease or increase respectively in profit after tax would have amounted to VND1,919 million (31/12/2013: had USD strengthen or weaken against VND by 1%, the decrease or increase respectively in profit after tax would have amounted to VND1,040 million).

(e) **Fair values versus carrying amounts**

Fair value is the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial instruments, together with the carrying amounts shown in the consolidated balance sheet are as follows:

	31/12/2014	
	Carrying amount VND	Fair value VND
<b>Categorised as held-to-maturity investments:</b>		
▪ Held-to-maturity securities	325,212,993,310	(*)
<b>Categorised as loans and receivables:</b>		
▪ Balances with the SBV	622,869,095,680	622,869,095,680
▪ Deposits with and loans to other credit institutions	3,422,209,781,203	(*)
▪ Loans and advances to customers	13,389,966,524,994	(*)
▪ Accrued interest and fee receivables	931,507,586,581	(*)
▪ Other receivables	171,629,726,692	(*)
<b>Categorised as available-for-sale financial assets:</b>		
▪ Available-for-sale equity securities		
STB	523,283,750,000	523,283,750,000
MDB	1,466,000,000	(*)
▪ Available-for-sale debt securities	2,200,070,309,845	(*)
▪ Capital contribution, long-term investments	46,199,100,000	(*)
<b>Categorised as financial liabilities at fair value through profit or loss:</b>		
▪ Derivative and other financial liabilities	(7,004,652,427)	(*)
<b>Categorised as financial liabilities at amortised cost:</b>		
▪ Deposits and borrowings from other credit institutions	(2,781,982,656,399)	(*)
▪ Deposits from customers	(16,570,527,274,744)	(*)
▪ Accrued interest and fee payables	(290,984,323,840)	(*)
▪ Other liabilities	(37,029,513,689)	(*)

	31/12/2013	
	Carrying amount VND	Fair value VND
<b>Categorised as financial assets at fair value through profit or loss:</b>		
▪ Derivative and other financial assets	326,745,340	(*)
<b>Categorised as held-to-maturity investments:</b>		
▪ Held-to-maturity securities	703,385,725,011	(*)
<b>Categorised as loans and receivables:</b>		
▪ Balances with the SBV	500,116,724,241	500,116,724,241
▪ Deposits with and loans to other credit institutions	3,459,029,208,637	(*)
▪ Loans and advances to customers	12,003,522,481,171	(*)
▪ Accrued interest and fee receivables	808,077,575,588	(*)
▪ Other receivables	180,690,283,484	(*)
<b>Categorised as available-for-sale financial assets:</b>		
▪ Available-for-sale equity securities		
STB	556,817,750,000	556,817,750,000
MDB	1,466,000,000	(*)
▪ Available-for-sale debt securities	2,172,294,047,523	(*)
▪ Capital contribution, long-term investments	69,521,100,000	(*)
<b>Categorised as financial liabilities at amortised cost:</b>		
▪ Deposits and borrowings from other credit institutions	(3,627,404,022,212)	(*)
▪ Deposits from customers	(13,303,626,908,749)	(*)
▪ Financed, entrusted and borrowed funds bore risks by the Bank	(78,754,950,033)	(*)
▪ Valuable papers issued	(500,000,000,000)	(*)
▪ Accrued interest and fee payables	(296,975,803,483)	(*)
▪ Other liabilities	(56,204,889,426)	(*)

- (\*) The Group has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices are not available 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 State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. The fair values of these financial instruments may differ from their carrying amounts.

#### 41. Lease commitments

The future minimum lease payments under non-cancellable operating leases were as follows:

	31/12/2014 VND	31/12/2013 VND
Within one year	32,923,350,808	34,755,796,180
Within two to five years	99,059,240,106	106,450,202,580
More than five years	52,947,102,600	66,774,339,800
	<hr/> 184,929,693,514 <hr/>	<hr/> 207,980,338,560 <hr/>

#### 42. Corresponding figures

Certain corresponding figures have been reclassified to conform with the current year's presentation. A comparison of the amounts previously reported and as reclassified is as follows:

	2013 VND (reclassified)	2013 VND (as previously reported)
<b>Consolidated statement of cash flows</b>		
Interest and similar income received	2,386,280,825,403	3,467,924,082,289
Interest and similar expenses paid	(1,293,485,059,847)	(2,383,074,527,777)

30 March 2015

Prepared by:



Thi Duyen  
Accountant

Approved by:



Pham Thi My Chi  
Chief Accountant




Vo Van Chau  
General Director

