



**VIETNAM PROSPERITY JOINT STOCK
COMMERCIAL BANK**

Separate financial statements
for the year ended 31 December 2014



Vietnam Prosperity Joint Stock Commercial Bank
Corporate Information

Banking licence No.	0042/NH - GP	12 August 1993
	The banking licence was issued by the State Bank of Vietnam and was valid for 99 years from the date of the banking licence.	
Business Registration Certificate No.	0100233583	8 September 1993
	The initial Business Registration Certificate and updates were issued by Hanoi Department of Planning and Investment, of which the most recent was issued on 6 March 2015.	
Board of Directors	Mr. Ngo Chi Dung Mr. Bui Hai Quan Mr. Lo Bang Giang Mr. Ngo Phuong Chi Mr. Luong Phan Son Mr. Nguyen Duc Vinh Mr. Phung Khai Ke	Chairman Vice Chairman Vice Chairman Independent member <i>(appointed on 31.10.2014)</i> Member Member Independent member <i>(resigned on 31.10.2014)</i>
Board of Management	Mr. Nguyen Duc Vinh Mr. Nguyen Thanh Binh Mr. Phan Ngoc Hoa Ms. Duong Thi Thu Huu Ms. Luu Thi Hao Mr. Vu Minh Truong Mr. Nguyen Thanh Long Mr. Fung Kai Jin Ms. Luu Thi Anh Xuan Mr. Peterjan Van Nieuwenhuizen Ms. Nguyen Thi Bich Thuy Mr. Kalidas Ghose	Chief Executive Officer Deputy Chief Executive Officer Deputy Chief Executive Officer Deputy Chief Executive Officer Deputy Chief Executive Officer Deputy Chief Executive Officer Deputy Chief Executive Officer Deputy Chief Executive Officer <i>(appointed on 1 July 2014)</i> Deputy Chief Executive Officer <i>(appointed on 6 October 2014)</i> Deputy Chief Executive Officer <i>(resigned on 9 July 2014)</i> Deputy Chief Executive Officer <i>(resigned on 23 October 2014)</i> Deputy Chief Executive Officer <i>(resigned on 22 April 2014)</i> Deputy Chief Executive Officer <i>(resigned on 10 September 2014)</i>
Legal representative	Mr. Ngo Chi Dung	Chairman
Registered office	1 st - 3 rd Floor, Capital Tower 72 Tran Hung Dao, Tran Hung Dao Ward, Hoan Kiem District Hanoi, Vietnam	
Auditors	KPMG Limited	

Vietnam Prosperity Joint Stock Commercial Bank Statement of the management

The management of Vietnam Prosperity Joint Stock Commercial Bank ("the Bank") is responsible for the preparation and presentation of the separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. In the opinion of the Bank's management,

- (a) the separate financial statements set out on pages 5 to 66 give a true and fair view of the unconsolidated financial position of the Bank as at 31 December 2014, and of the unconsolidated results of operations and the unconsolidated cash flows of the Bank for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this separate financial statement, there are no reasons for the management to believe that the Bank will not be able to pay its debts as and when they fall due.

The Bank's management has, on the date of this statement, authorized these separate financial statements for issue

On behalf of the management,



Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, 6 March 2015



KPMG Limited

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72-Storey Building, Plot E6, Pham Hung Street
Me Tri, Tu Liem, Hanoi City
The Socialist Republic of Vietnam

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INDEPENDENT AUDITORS' REPORT

To the Shareholders

VIETNAM PROSPERITY JOINT STOCK COMMERCIAL BANK

We have audited the accompanying separate financial statements of Vietnam Prosperity Joint Stock Commercial Bank (“the Bank”), which comprise the separate balance sheet as at 31 December 2014, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto (“the separate financial statements”) which were authorised for issue by the Bank’s management on 6 March 2015, as set out on pages 5 to 66.

Management’s Responsibility

The Bank’s management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the management determines is necessary to enable the preparation of the separate 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 the separate 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 separate 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 management, 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 separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of the Bank as at 31 December 2014 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.



KPMG Limited

Vietnam

Investment Certificate No. 011043000345

Audit Report No. 14-02-202/3

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

Hanoi,

Nguyen Tam Anh
Practicing Auditor Registration
Certificate No. 0651-2013-007-1

Vietnam Prosperity Joint Stock Commercial Bank
Separate balance sheet as at 31 December 2014

Form B02/ICTD

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 million	31/12/2013 (Reclassified) VND million
A ASSETS			
I Cash and gold on hand	5	1,357,719	1,548,988
II Balances with the State Bank of Vietnam	6	3,701,129	1,523,596
III Balances with and loans to other credit institutions	7	13,186,367	11,796,630
1 Deposits with other credit institutions		1,562,416	3,060,392
2 Loans to other credit institutions		11,630,402	8,796,925
3 Allowance for deposits and loans to other credit institutions		(6,451)	(60,687)
IV Securities held for trading	8	3,824,461	7,785,907
1 Securities held for trading		3,839,410	7,785,907
2 Allowance for securities held for trading		(14,979)	-
V Loans and advances to customers		73,779,271	51,869,416
1 Loans and advances to customers	9	74,903,573	52,471,123
2 Allowance for loans and advances to customers	10	(11,124,302)	(604,707)
VI Investment securities	11	47,939,680	29,069,089
1 Available-for-sale securities		44,180,929	28,432,394
2 Held-to-maturity securities		3,956,097	636,695
3 Allowance for investment securities		(197,346)	-
VII Long-term investments	12	2,201,611	977,576
1 Investments in subsidiaries		2,139,035	915,000
5 Other long-term investments		63,049	63,049
6 Allowance for diminution in value of long term investments		(473)	(473)
VIII Fixed assets		540,438	405,198
1 Tangible fixed assets	13	241,054	235,911
a Cost		527,275	455,222
b Accumulated depreciation		(286,321)	(221,311)
3 Intangible fixed assets	14	299,384	171,287
a Cost		406,392	253,488
b Accumulated amortisation		(107,008)	(82,201)
IX Other assets		12,083,578	9,839,769
1 Receivables	15(a)	5,276,092	4,461,106
2 Accrued interest and fee receivables	15(b)	3,968,452	2,922,248
4 Other assets	15(c)	2,945,420	2,833,878
5 Allowance for other assets	15(d)	(106,386)	(377,463)
TOTAL ASSETS		158,614,254	114,816,169

The accompanying notes are an integral part of the separate financial statements

Vietnam Prosperity Joint Stock Commercial Bank
Separate balance sheet as at 31 December 2014
(continued)

Form B02/TCTD

(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 million	31/12/2013 VND million	
B LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
I	Amounts due to the Government and the State Bank of Vietnam	16	832,555	1,885,457
II	Deposits and borrowings from other credit institutions	17	27,101,782	13,134,052
1	Deposits from other credit institutions		15,568,510	8,081,635
2	Borrowings from other credit institutions		11,533,272	5,052,417
III	Deposits from customers	18	107,752,423	84,660,726
IV	Derivatives and other financial liabilities	19	215,333	50,851
V	Other borrowed and entrusted funds		125,246	63,737
VI	Valuable papers issued	20	10,809,544	4,500,755
VII	Other liabilities		3,090,508	3,047,041
1	Accrued interest and fee payables	21(a)	1,917,301	1,825,465
3	Other liabilities	21(b)	1,173,207	1,178,007
4	Provision for off-balance sheet commitments	21(c)	-	43,569
TOTAL LIABILITIES			149,927,391	107,342,619
SHAREHOLDERS' EQUITY				
VIII	Capital and reserves	22	8,686,863	7,473,550
1	Capital		6,348,779	5,771,369
a	Share capital		6,347,410	5,770,000
b	Share premium		1,369	1,369
2	Reserves		452,200	264,517
5	Retained earnings		1,885,884	1,437,664
TOTAL SHAREHOLDERS' EQUITY			8,686,863	7,473,550
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			158,614,254	114,816,169


The accompanying notes are an integral part of the separate financial statements

Vietnam Prosperity Joint Stock Commercial Bank
Separate balance sheet as at 31 December 2014
(continued)

Form B02/TCTD

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

	31/12/2014 VND million	31/12/2013 VND million
OFF-BALANCE SHEET ITEMS		
I CONTINGENT LIABILITIES		
2 Letters of credit	2,610,856	1,339,815
3 Other guarantees	6,459,637	4,304,333
II OTHER COMMITMENTS		
1 Other commitments	1,680,163	-

Prepared by: 



Nguyen Thi Thu Hang
 Chief Accountant

Approved by: 


Luu Thi Thao
 Deputy Chief Executive Officer
 cum. Chief Financial Officer

Nguyen Duc Vinh
 Chief Executive Officer


6 March 2015

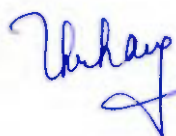
Vietnam Prosperity Joint Stock Commercial Bank
Separate statement of income
for the year ended 31 December 2014


Form B03/TCTD


(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 million	2013 (Reclassified) VND million
1 Interest and similar income	23	12,175,359	11,037,331
2 Interest and similar expenses	23	(6,969,575)	(6,928,927)
I Net interest income	23	5,205,784	4,108,404
3 Fee and commission income	24	698,415	529,760
4 Fee and commission expenses	24	(338,050)	(249,620)
II Net fee and commission income	24	360,365	280,140
III Net loss from trading of foreign currencies and gold		(89,947)	(20,878)
IV Net gain from securities held-for-trading		3,730	-
V Net gain from investment securities	25	465,573	176,902
5 Other income		127,375	78,310
6 Other expenses		(36,845)	(13,149)
VI Net other income		90,530	65,161
VII Income from investments in other entities		67,332	83,637
VIII Operating expenses	26	(3,496,385)	(2,539,156)
IX Operating profit before allowance and provision expenses		2,606,982	2,154,210
X Allowance and provision expenses	27	(1,070,128)	(889,171)
XI Profit before tax		1,536,854	1,265,039
7 Income tax expense – current	28	(323,540)	(295,631)
XII Income tax expense		(323,540)	(295,631)
XIII Net profit after tax		1,213,314	969,408

Prepared by: 


 Nguyen Thi Thu Hang
 Chief Accountant

Approved by: 


 Luu Thi Thao
 Deputy Chief Executive Officer
 cum. Chief Financial Officer
 6 March 2015




 Nguyen Duc Vinh
 Chief Executive Officer

The accompanying notes are an integral part of the separate financial statements

Vietnam Prosperity Joint Stock Commercial Bank
Separate statement of cash flows
for the year ended 31 December 2014

Form B04/CTD

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

	2014	2013
	VND million	(Reclassified) VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
01 Interest and similar income received	11,319,678	10,626,019
02 Interest and similar expenses paid	(6,978,037)	(6,178,845)
03 Fee and commission income received	360,421	280,076
04 Net payments for foreign currencies and gold trading activities	(180,228)	(95,318)
05 Net receipts from securities trading activities	469,303	176,902
06 Other income received	90,296	61,385
07 Payments for operating and salary expenses	(3,239,769)	(2,412,941)
08 Corporate income tax paid	(474,787)	(117,636)
Net cash flows from operating activities before changes in operating assets and liabilities	1,366,877	2,339,642
Changes in operating assets		
09 Balances with and loans to other credit institutions	(1,433,477)	797,025
10 Securities held for trading and investment securities	(9,476,769)	(12,568,973)
11 Derivatives and other financial liabilities	-	57,471
12 Loans and advances to customers	(25,748,852)	(16,207,513)
13 Utilisation of allowance for loans and advances, securities, long-term investments	(707,090)	(251,824)
14 Other assets	(1,065,104)	(491,602)
Changes in operating liabilities		
15 Amounts due to the Government and the State Bank of Vietnam	(1,052,902)	513,885
16 Deposits and borrowings from other credit institutions	13,967,730	(12,451,663)
17 Deposits from customers	23,091,697	24,388,097
18 Valuable papers issued	6,308,789	(165,345)
19 Other borrowed and entrusted funds	61,509	(803)
20 Derivatives and other financial liabilities	164,482	50,851
21 Other liabilities	(13,500)	(694,574)
22 Utilisations of reserves	-	(27)
1 NET CASH FLOWS FROM OPERATING ACTIVITIES	5,463,390	(14,685,355)

The accompanying notes are an integral part of the separate financial statements


Vietnam Prosperity Joint Stock Commercial Bank
Separate statement of cash flows
for the year ended 31 December 2014 (continued)

Form B04/TCTD
(Issued in accordance with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the State Bank of Vietnam)


	2014 VND million	2013 VND million
CASH FLOWS FROM INVESTING ACTIVITIES		
01	(93,753)	(108,090)
02	653	11,642
07	(1,224,035)	(4,083)
09	67,332	83,637
II	(1,249,803)	(16,894)
CASH FLOWS FROM FINANCING ACTIVITIES		
02	-	2,500,000
III	-	2,500,000
IV	4,213,587	(12,202,249)
V	4,937,616	17,139,865
VI	9,151,203	4,937,616


NON-CASH INVESTING AND FINANCING ACTIVITIES

	2014 VND million	2013 VND million
Bonus shares	27,526	-
Dividend shares	549,884	-


Prepared by: 


 Nguyen Thi Thu Hang
 Chief Accountant

Approved by: 


 Luu Thi Thao
 Deputy Chief Executive Officer
 cum. Chief Financial Officer




 Nguyen Duc Vinh
 Chief Executive Officer

6 March 2015

The accompanying notes are an integral part of the separate financial statements

Vietnam Prosperity Joint Stock Commercial Bank
Notes to the separate financial statements
for the year ended 31 December 2014

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

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

1. Reporting entity

Vietnam Prosperity Joint Stock Commercial Bank (herein referred to as “the Bank”) is a joint stock bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established pursuant to the Banking Licence No. 0042/NH-GP dated 12 August 1993 issued by the State Bank of Vietnam (“the SBV”) and the Business Registration Certificate No. 0100233583 dated 8 September 1993 issued by Hanoi Department of Planning and Investment. The Bank entered into operation on 12 August 1993 with an operation period of 99 years.

The Bank has been established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans and advances to organizations and individuals based on the nature and capability of the Bank’s sources of capital; also including foreign exchange transactions, international trade finance services, discount of commercial papers, bonds and other valuable papers, and providing other banking services allowed by the SBV.

As at 31 December 2014, the Bank’s share capital is VND6,347 billion (31 December 2013: VND5,770 billion). Face value per share is VND10,000.

As at 31 December 2014, the Bank has one (1) Head Office, forty-four (44) branches, one hundred and sixty-four (164) transaction offices and savings funds nationwide.

As at 31 December 2014, the Bank owns three (3) subsidiaries with direct ownership as follows:

Subsidiaries	Established in	Operating licence	Nature of Business	% owned by the Bank
VPBank Securities Company Limited (VPBS)	Vietnam	0104000621 dated 28 November 2006 issued by Hanoi Department of Planning and Investment	Securities activities	100%
VPBank Asset Management Company Limited (VPBank AMC)	Vietnam	0105837483 dated 15 April 2013 issued by Hanoi Department of Planning and Investment	Asset and liability management	100%
VPBank Finance Company Limited (VPB FC)	Vietnam	0102180545 dated 4 December 2014 issued by Hanoi Department of Planning and Investment.	Providing other financial services not yet classified	100%

and one (1) subsidiary with indirect ownership made through VPBS as follows:

Subsidiaries	Established in	Operating licence	Nature of Business	% owned by the Company
VPBS Company Limited (Myanmar)	Myanmar	580 FC dated 21 October 2013 issued by Ministry of National Planning and Economic Development - Republic of the Union of Myanmar	Research and investment in Myanmar	99%

As at 31 December 2014, the Bank had 9,035 employees (31 December 2013: 6,454 employees).

2. Basis of financial statement preparation

(a) Basis of financial statement preparation

These are the separate financial statements of the Bank which do not include financial statements of subsidiaries. The Bank prepares the consolidated financial statements which include the Bank's and its subsidiaries' and issues them separately, in addition to these separate financial statements.

(b) Statement of compliance

The separate 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 separate financial statements are not intended to present the unconsolidated financial position and unconsolidated results of operations and unconsolidated 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 Vietnam's accounting principles, procedures and practices.

(c) Basis of measurement

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

(d) Annual accounting period

The fiscal year of the Bank is from 1 January to 31 December.

(e) Accounting currency

The Bank's accounting currency is Vietnam Dong ("VND"), rounded to the nearest VND million ("VND million").

3. Changes in accounting policies

Except for the changes in accounting policies listed below, the Bank has consistently applied the accounting policies described in Note 4 to all the accounting periods presented in these separate financial statements.

The Bank has applied prospectively the Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the SBV on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activity of credit institutions and foreign banks' branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amending and supplementing a number of articles of Circular 02 ("Circular 09") which takes effects from 1 June 2014. The application of Circular 02 and Circular 09 would have effects on the following accounting policies:

- Deposits and loans to other credit institutions (Note 4(c));
- Securities held for trading (Note 4(d));
- Investments (Note 4(e));
- Loans and advances to customers (Note 4(f));

- Classification and level and method of allowance making for deposits with and loans to other credit institutions, purchases and entrustment to purchase of unlisted corporate bonds, loans and advances to customers, and entrusted extension of credit (Note 4(g)); and
- Provision for off-balance sheet items (Note 4(h)).

4. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Bank in the preparation of these separate financial statements:

(a) Foreign currency transactions

The Bank maintains an accounting system that records all transactions in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the Bank's exchange rates prevailing on the balance sheet date. Non-monetary foreign currency assets and liabilities are translated into VND using the exchange rate effective at the dates of the transactions. Income and expenses in foreign currencies are translated into VND using exchange rates on the dates of the transactions in the separate statement of income.

Translation adjustments arising from dealing activities as at the balance sheet date are recorded in the separate statement of income.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, gold on hand, balances with the SHV, and other short-term valuable papers which are eligible for rediscount with the SBV, balances with other credit institutions with original terms to maturity not exceeding three months and investment securities with maturity not exceeding three months from the acquisition date.

(c) Deposits and loans to other credit institutions

(i) Deposits with other credit institutions

Prior to 1 June 2014

Deposits with other credit institutions were stated at the amount of the outstanding principal and no allowance was required.

From 1 June 2014

Demand deposits with other credit institutions are stated at the amount of the outstanding principal and no allowance is required.

Other deposits with other credit institutions except for demand deposits are stated at the amount of the outstanding principal less any specific allowance.

The classification and specific allowance for deposits with other credit institutions (except for demand deposits) are performed in accordance with Circular 02 and Circular 09 as described in Note 4(g).

(ii) Loans to other credit institutions

Loans to other credit institutions are stated at the amount of the outstanding principal less any allowance for credit risk.

Prior to 1 June 2014

Allowance for credit risk (including general allowance and specific allowance) was provided in accordance with Decision No. 193/2005/QĐ-NHNN ("Decision 193") dated 22 April 2005 and Decision No. 18/2007/QĐ-NHNN ("Decision 18") dated 28 July 2007 of the SBV.

From 1 June 2014

The classification of credit risks of loans to other credit institutions and corresponding specific allowance are performed in accordance with Circular 02 and Circular 09 as described in Note 3(g). According to Circular 02, the Bank is not required to make general allowance for loans to other credit institutions.

(d) Securities held for trading

(i) Classification

Securities held for trading include securities that the Bank purchases and intends to sell in the period of not exceeding 1 year for short-term earnings.

(ii) Recognition

The Bank recognizes securities held for trading at the date the Bank becomes a party under contractual terms with respect to these securities (trade date accounting).

(iii) Measurement

Securities held for trading are recognised at cost less allowance for securities held for trading.

For listed securities held for trading and securities held for trading being unlisted shares: Allowance is made when market price is lower than book value.

For listed securities held for trading, market price is the quoted closing bid price of Ho Chi Minh City Stock Exchange or the average price at the Hanoi Stock Exchange at the reporting date.

For unlisted shares which are freely traded on OTC market, market price is the average price of transaction prices at the reporting date provided by three securities companies with charter capital of VND300 billion or more. No allowance made for securities which are not freely traded in the market and whose market price cannot be determined; they are recorded at cost.

For securities held for trading being unlisted bonds: Allowance is made in accordance with Circular 02 and Circular 09 as described in Note 3(g).

The allowance for securities held for trading mentioned above will be reversed if the subsequent increases in recoverable amount of securities held for trading can be related objectively to an event occurring after the allowance was recognized. An allowance is reversed only to the maximum level being equal to the securities' carrying amount if no allowance had been recognized.

Cost of securities held for trading is determined on a weighted average basis.

(iv) De-recognition

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

(e) Financial investments

(i) Investment securities

Classification

Investment securities are classified into two categories, available-for-sale investment securities and held-to-maturity investment securities. The Bank classifies investment securities at the purchase date. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV, the Bank is allowed to reclassify its investment securities once after their purchase dates.

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

Held-to-maturity investment securities include special bonds issued by Vietnam Asset Management Company ("VAMC"). These are debt securities with fixed maturity periods issued by VAMC for the purpose of purchasing the Bank's non-performing loans.

Measurement

Available-for-sale debt securities: are stated at cost including transaction costs and other directly attributable costs. They are subsequently recognised at amortised cost (adjusted by premium/discount amortisation) less allowance. Premium and discounts arising from purchases of debt securities are amortised to the separate statement of income on a straight-line basis over the period from acquisition date to maturity date. For unlisted corporate bonds, allowance is made in accordance with Circular 02 and Circular 09 as described in Note 4(g).

Special bonds issued by Vietnam Asset Management Company ("VAMC"): are initially recorded at par value at transaction date. They are subsequently recognised at cost less allowance. Allowance for special bonds is made in accordance with the regulations of Circular No. 19/2013/TT-NHNN dated 6 September 2013, on the purchase, sale and settlement of bad debts of Vietnam Asset Management Company ("Circular 19"). According to Circular 19, on an annual basis, within 05 working days prior to the maturity date of special bonds, the Bank shall make minimum specific allowance for each special bond by dividing the face value of the special bond by its term (currently, 5 years). Allowance is recorded in the separate statement of income.

(ii) Long-term equity investments

Investments in subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries is stated at cost less allowance for diminution in value of investments.

Other long-term investments

Other long term investments include equity securities, other long term capital contributions whose holding, withdrawing or paying term is for more than 1 year (in addition to investment securities and investments in subsidiaries)

These investments are initially stated at cost of acquisition, then less allowance for diminution in value of long-term investments. Cost is determined on a weighted average basis.

Allowance for diminution in value of long-term investments is made in accordance with Circular 228/2009/TT-BTC dated 7 December 2009 issued by Ministry of Finance (“Circular 228”) and Circular 89/2013/TT-BTC dated 28 June 2013 on amending and supplementing of Circular 228. Allowances for diminution in value of long-term investments in economic organizations (limited liability companies, joint stock companies, partnership, joint venture and other long-term investments) are made in cases these economic organizations suffer from losses (except for losses which have been estimated in their business plans before the investments are made). The rate of allowance for each investment is determined as follow:

$$\text{Rate of allowance} = \left(\frac{\text{Parties' actual investment capital at economic organization} - \text{Actual equity capital of economic organization}}{\text{Parties' actual investment capital at economic organization (at par)}} \right) \times \frac{\text{Investment capital of the Bank (at par)}}{\text{Parties' actual investment capital at economic organization (at par)}}$$

(f) Loans and advances to customers

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

Short-term loans are those with a repayment date within one year of the loan disbursement date. Medium-term loans are those with a repayment date between one to five years of the loan disbursement date. Long-term loans are those with a repayment date of more than five years from the loan disbursement date.

Prior to 1 June 2014

The loans classification and allowance for credit risk were performed in accordance with Decision No. 493 and Decision No. 18.

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

In case where a customer had more than one loans with the Bank, if a loan was reclassified to a higher risk group, the Bank was required to reclassify the other loans of that customers to that higher risk group.

When the Bank participated in providing a syndicated loan to a customer and did not take the role of a lead bank, the bank classified loans (including the syndicated loan) of the customer to a higher risk group of the risk assessment made by the lead bank and assessment by the bank itself.

From 1 June 2014

The loans classification and making allowance for credit risk are performed in accordance with Circular 02 and Circular 09 as described in Note 4(g).

(g) Classification and level and method of allowances for deposits with and loans to other credit institutions, purchases and entrustment to purchase of unlisted corporate bonds, loans and advances to customers, and entrusted extension of credit

Classification of deposits with and loans to other credit institutions, purchases and entrustment to purchase of unlisted corporate bonds, loans and advances to customers, and entrusted extension of credit (collectively referred to as "loans") is implemented using the quantitative method as regulated in Article 10 of Circular 02, with the rates of specific allowance for specific loan groups as follows:

Loan group		Overdue status	Rate of allowance
1	Current	(a) Current loans that being assessed as fully and timely recoverable, both principals and interests; or (b) Loans which are overdue for a period of less than 10 days and being assessed as fully recoverable, both overdue principals and interests, and fully and timely recoverable, both remaining principals and interests.	0%
2	Special mentioned	(a) Loans which are overdue for a period of between 10 days and 90 days; or (b) Loans which are restructured repayment term for the first time.	5%
3	Substandard	(a) Loans which are overdue for a period of between 91 days and 180 days; or (b) Loans which are extended repayment term for the first time; or (c) Loans which are exempted or reduced interests because customers are not sufficient capability to pay all interests under credit contracts; or (d) Loans in one of the following circumstances which remain unrecovered during a period of 30 days after the date of the recovery decision: <ul style="list-style-type: none"> ▪ Loans in breach of clauses 1, 3, 4, 5 or 6 of Article 126 of the Law on Credit Institutions; ▪ Loans in breach of clauses 1, 2, 3 or 4 of Article 127 of the Law on Credit Institutions; ▪ Loans in breach of clauses 1, 2 or 5 of Article 128 of the Law on Credit Institutions; or (e) Loans which are recovered under inspection conclusions.	20%
4	Doubtful	(a) Loans which are overdue for a period of between 181 days and 360 days; or (b) Loans which are restructured repayment term for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Loans which are restructured repayment term for the second time; or (d) Loans which are specified in point (d) of loan Group 3 have not been recoverable for a period of between 30 days and 60 days after decisions on recovery have been issued; or (e) Loans which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue from 60 days ago.	50%
5	Loss	(a) Loans which are overdue for a period of more than 360 days; or (b) Loans which are restructured repayment term for the first time but still overdue for a period of 90 days or more than under that first restructured repayment term; or (c) Loans which are restructured repayment term for the second time but still overdue under that second restructured repayment term; or (d) Loans which are restructured repayment term for the third time or later, whether loans are overdue or not; or	100%

Loan group	Overdue status	Rate of allowance
	<p>(e) Loans which are specified in point (d) of loan Group 3 have not been recoverable for a period of more than 60 days after decisions on recovery have been issued; or</p> <p>(f) Loans which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or</p> <p>(g) Loans of customers being credit institutions which are announced by the SBV to place in special control status, or foreign banks' branches of which capital and assets are blockaded.</p>	

In case where a customer has more than one loan with the Bank and if any of these loans is transferred to a higher risk loan group, other loans of such customer shall be classified to higher risk loan groups corresponding to their risk levels.

When the Bank participates in providing a syndicated loan but does not act as the lead bank, the Bank shall classify all the loans (including the syndicated loan) of such customer in the higher risk loan group of the risk that assessed by the lead bank and by the Bank.

According to Clause 1, Article 11 of Circular 09, loans are restructured and maintained in the same loan group as before rescheduling when they meet the following criteria:

- Loans and credit extension are not in breach of the law;
- Loan rescheduling is in conformity with the purpose of borrowings in credit contracts;
- Customers utilize the loans for the right purpose;
- Customers have the new feasible loan repayment options, in alignment with business plans; and
- Bank meets the regulations of the SBV on limits, safety ratios in operations, including a maximum ratio of short-term fund used for medium- or long-term loans in cases of rescheduling short-term loans to medium- or long- term loans.

Only when the above conditions are met, may the Bank reschedule the repayment period of the loans to customers and maintain such loans to customers in the same loan group as being currently classified. Clause 1, Article 11 of Circular 09 is effective from 20 March 2014 and expires on 1 April 2015.

Specific allowance is calculated on the basis of outstanding principal less discounted value of collaterals assets multiplied by the allowance rate specified for each loan group at the end of the preceding month. General allowance is calculated at 0.75% of outstanding loans that are classified into Group 1 to Group 4 (excluding deposits with and loans to other credit institutions) at the end of the preceding month.

Specific allowance and general allowance as at 31 December 2014 is calculated on the basis of outstanding loans and loan groups as at 30 November 2014.

(h) Allowance for off-balance sheet items

Off-balance sheet items comprise guarantees, acceptances, loan commitments which are irrevocable and unconditional and have a specific performance date.

Prior to 1 June 2014

In accordance with Decision 18, if the Bank assessed its customers as unable to perform their obligations as committed to a covered third party, the Bank was required to classify guarantees, acceptances, loan commitments which were irrevocable and unconditional and had a specific performance date (“off-balance sheet commitments”) and made specific provision accordingly using the method similarly to that applied to loans to customers.

Besides, the Bank is required to make a general provision being calculated at 0.75% of total outstanding balance of guarantee letters, letter credit and undisbursed loan commitments which are irrevocable and unconditional as at the closing date of the previous month.

From 1 June 2014

The classification of off-balance sheet items are made for purpose of managing and supervising quality of credit provision according to the policies applied to liabilities as described in Note 4(g).

According to Circular 02, the Bank is not required to make general provision for off-balance sheet items.

(i) Derivative financial instruments

Derivatives are recorded in a balance sheet account at contract value on the date which a derivative contract is entered into and revalued subsequently at year end. Gains or losses arising from derivatives are recognised in the separate statement of income.

Derivative financial instruments classified as derivative financial assets if the value recorded is positive and classified as derivative financial liabilities if the value recorded is negative.

(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, and the cost of dismantling and removing the asset and restoring the site on which they are located. Expenditure incurred after the tangible fixed assets have been put into operation, such as repair, maintenance and overhaul costs, is normally charged to the 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 - 40 years
• machinery and equipment	3 - 7 years
• motor vehicles	6 years
• office equipment	3 - 5 years
• others	4 years

(k) Intangible fixed assets

(i) Land use rights

Intangible fixed assets being land use rights comprise:

- The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including definite and indefinite land use right).
- The right to use the leased land before the effective date of the 2003 Land Law but the rent has been paid for the leasing time or paid in advance for many years but the remaining land lease term paid is at least five years and granted with certificate of land use right by the competent authority.

Definite land use rights are stated at cost less accumulated amortization. Indefinite land use rights are stated at cost and are not amortized.

The cost of fixed assets being land use rights determined is the total amount paid to have the legal land use right plus (+) costs of site clearance, ground leveling, registration fee (excluding costs for building works on land) or the value of land use right received as contributed capital.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis in 3-7 years.

(l) Other receivables

Receivables, other than loans to customers, are initially recorded at cost and less allowance for doubtful receivables.

Other receivables are subject to assessment of allowance based on overdue date of receivables or estimated loss arising from undue debts of which the indebted economic organisations are bankrupt or undergoing dissolution procedures, debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have died. Increases or decreases to the allowance balance are recorded in operating expenses.

The Bank makes allowance for doubtful receivables in accordance with Circular 228 at the following allowance rates over overdue receivables:

<u>Overdue period</u>	<u>Rate of allowance</u>
From six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
Over three (3) years	100%

(m) Provision

A provision other than allowances described in Notes 4(c), 4(d), 4(e), 4(f), 4(g), 4(h) and 4(i) is recognised if, as a result of a past event, the Bank 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.

(n) Discounted borrowings of valuable papers

The Bank makes discounted borrowings of valuable papers in the form of selling valuable papers with terms. The valuable papers sold under agreements are to repurchase at a specified time in the future remains to be recognized in the separate financial statements. Payments received under this agreement are recorded as a loan on balance sheet.

(o) Other payables

Other payables are stated at their cost.

(p) Share capital

(i) Ordinary shares

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 to share premium account in equity.

(iii) Reserves and funds

The Bank is required to make the following allocations from profit after tax:

	Annual allocation	Maximum balance
Reserve to supplement share capital	5% of profit after tax	Share capital
Financial reserve	10% of profit after tax	25% of share capital

Bonus and welfare funds are allocated from profit after tax in accordance with the resolution of the General Meeting of Shareholders and are used primarily to make payments to the Bank's employees. These funds are not required by law and are fully distributable.

Other equity funds are allocated from profit after tax. The allocation from profit after tax and the utilisation of the other equity funds are approved in the General Meeting of Shareholders. These funds are not required by law and are fully distributable.

(q) Revenue recognition

(i) Interest income

Interest income is recognised in the separate statement of income on an accruals basis, except for uncollected interest on loans classified in Group 2 to Group 5 as defined in Note 4(g) which is recognised upon receipt.

(ii) Fee and commission income

Fees and commissions are recognized in the separate statement of income on an accrual basis.

(iii) Income from investments

Differences between selling price and weighted average cost of securities are recognised as income from securities trading.

Dividends are recognised in the separate statement of income when the Bank's right to receive payment is established.

In accordance with Circular No. 244/2009/TT-BTC dated 31 December 2009, effective from 1 January 2010, issued by the Ministry of Finance, dividend received in the form of shares and shares distributed from retained earnings are recognised as an increase in the number of shares, not recognised in the separate financial statements.

(r) Interest expenses

Interest expenses are recognised in the separate statement of income on an accrual basis.

(s) Operating lease payments

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

(t) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the separate 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 or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous year.

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

(u) Related parties

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

(v) Segment reporting

A segment is a distinguishable component of the Bank 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 Bank's primary format for segment reporting is based on geographical segments.

(w) Off-balance sheet items

(i) Foreign exchange contracts

The Bank enters into foreign exchange forwards and swaps which enable customers to transfer, modify or reduce their foreign exchange or other market risks and also trades these products for its own account.

Forward contracts are commitments to settle in cash at a future date based on differentials between specified exchange rates, as applied to a notional principal amount. Forward contracts are recorded at nominal value on the balance sheet at the transaction date and are subsequently revaluated at exchange rate ruling at the balance sheet date. Realised or unrealised gain or loss is recognised in the separate statement of income.

Currency swap contracts are commitments to settle in cash at a future date based on differentials between specified exchange rates, as applied to a notional principal amount. Currency swap contracts are subsequently revaluated on a daily basis; the difference on revaluation is recognised in the separate statement of income.

(ii) Commitments and contingent liabilities

The Bank has outstanding credit commitments. These commitments are approved and unutilized loans and overdraft facilities. The Bank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore, these commitments and contingent liabilities do not represent surely expected future cash flows.

(x) Classification of financial instruments for disclosure purposes

(i) Classification of financial instruments

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

Financial assets

Financial assets at fair value through profit or loss

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

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term,
 - there is evidence of a recent pattern of short-term profit-taking; or
 - 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 Bank as at fair value through profit or loss.

Held-to-maturity financial assets

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

- those that the Bank upon initial recognition designates as at fair value through profit or loss;
- those that the Bank 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 Bank intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Bank upon initial recognition designates as available-for-sale; or
- for which the Bank 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.

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 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 Bank as at fair value through profit or loss.

Financial liabilities carried at amortised cost

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

The above described classification of financial 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.

(ii) Measurement and disclosure of fair value

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

When there is an active market, the Bank has determined fair value of a financial instrument at quoted prices in the active market. The market is considered as an active market if quote prices are available and represent real and regular transactions in the market.

5. Cash and gold on hand

	31/12/2014	31/12/2013
	VND million	VND million
Cash on hand in VND	709,148	435,181
Cash on hand in foreign currencies	555,826	1,076,216
Gold on hand	92,745	37,591
	<u>1,357,719</u>	<u>1,548,988</u>

6. Balances with the State Bank of Vietnam

These consist of a compulsory reserve requirement ("CRR") for liquidity and a current account.

	31/12/2014	31/12/2013
	VND million	VND million
Current account and compulsory reserve	3,701,129	1,523,596
	<u>3,701,129</u>	<u>1,523,596</u>

Under the SBV's regulations on the compulsory reserve, banks are permitted to maintain a floating balance for CRR.

The monthly average balance of the current account must not be less than the monthly balance of compulsory reserves. The amount of monthly compulsory reserve is calculated by the preceding month average balances of deposits multiplied with respective CRR rates.

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

The CRR rates applied at the year end were as follows:

Deposits in scope

	CRR rates	
	31/12/2014	31/12/2013
Preceding month's average balances of:		
▪ Deposits in foreign currencies with term of less than 12 months	8%	8%
▪ Deposits in foreign currencies with term of and more than 12 months	6%	6%
▪ Deposits in VND with term of less than 12 months	3%	3%
▪ Deposits in VND with term of and more than 12 months	1%	1%

Year-end annual interest rates were as follows:

	31/12/2014	31/12/2013
Deposits in VND		
Within the compulsory reserve requirement	1.2%	1.2%
Exceeding the compulsory reserve requirement	0%	0%
Deposits in foreign currency		
Within the compulsory reserve requirement	0%	0%
Exceeding the compulsory reserve requirement	0.05%	0.05%

7. Balances with and loans to other credit institutions

	31/12/2014	31/12/2013
	VND million	VND million
Current accounts	917,653	1,144,312
Current accounts in VND	83,963	84,242
Current accounts in foreign currencies	833,690	1,060,070
Term deposits	644,763	1,916,080
Term deposits in VND	209,220	1,705,720
Term deposits in foreign currencies	435,543	210,360
Loans	11,623,951	8,736,238
Loans in VND	8,086,357	8,165,004
Loans in foreign currencies	3,544,045	631,921
Allowance for balances with and loans to other credit institutions	(6,451)	(60,687)
	13,186,367	11,796,630

Allowance for balances with and loans to other credit institutions were as follows:

	31/12/2014	31/12/2013
	VND million	VND million
General allowance (i)	-	54,967
Specific allowance (ii)	6,451	5,720
	6,451	60,687

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(i) Movements in general allowance for loans to other credit institutions in the year were as follows:

	2014 VND million	2013 VND million
Opening balance	54,967	54,659
Allowance (reversed)/made in the year (Note 27)	(54,967)	308
Closing balance	<u>-</u>	<u>54,967</u>

(ii) Movements in specific allowance for loans to other credit institutions in the year were as follows:

	2014 VND million	2013 VND million
Opening balance	5,720	-
Allowance made in the year (Note 27)	731	5,720
Closing balance	<u>6,451</u>	<u>5,720</u>

Year-end annual interest rates were as follows:

	31/12/2014	31/12/2013
Current deposits in VND	0.50%	1.20%
Current deposits in foreign currencies	0.25%	0.25%
Term deposits in VND	4%	4% - 10%
Term deposits in foreign currencies	0.1% - 1.7%	0.25% - 0.7%
Loans in VND	3% - 8.2%	4.2% - 10.8%
Loans in foreign currencies	1.19% - 4.5%	0.3% - 4.5%

8. Securities held for trading

	31/12/2014 VND million	31/12/2013 VND million
Debt securities		
▪ Government bonds	1,590,990	1,155,608
▪ Bonds issued by local credit institutions	361,346	344,734
▪ Bonds issued by local economic entities	1,887,104	6,285,565
	<u>3,839,440</u>	<u>7,785,907</u>
Allowances for securities held for trading - general allowance (i)	(14,979)	-
	<u>3,824,461</u>	<u>7,785,907</u>

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Listing status of securities held for trading was as follows:

	31/12/2014	31/12/2013
	VND million	VND million
Debt securities		
▪ Listed	1,952,336	1,263,374
▪ Unlisted	1,887,104	6,522,533
	3,839,440	7,785,907

The contractual year-end terms and annual interest rates of debt securities were as follows:

	31/12/2014		31/12/2013	
	Term	Interest rate	Term	Interest rate
Government bonds	5 months - 4 years	4.8% - 11.3%	2 years - 4 years	9.4% - 13.2%
Bonds issued by local credit institutions (VND)	1 year - 7 years	10.2% - 11.5%	4 years - 8 years	10.2% - 11.5%
Bonds issued by local economic entities (VND)	5 years	Not applicable	1 year - 4 years	11% - 15%

(i) Movements in allowance for held for trading securities:

	2014	2013
	VND million	VND million
Opening balance	-	-
Allowances made during the year (Note 27)	14,979	-
Closing balance	14,979	-

9. Loans and advances to customers

	31/12/2014	31/12/2013
	VND million	VND million
Loans to local economic entities and individuals	74,653,511	52,375,482
Treasury bills discounts	20,925	31,260
Payment on behalf of customers	4,679	-
Loans financed by sponsored, trusted funds (*)	216,506	59,831
Loans to foreign economic entities and individuals	7,952	7,550
	74,903,573	52,474,123

(*) Loans under sponsored funds and trusted funds include loans supported by trusted funds from national development assistance programs of the Ministry of Finance and the SBV. The Bank directly received the loans from the leading bank which is Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") and the National Management Unit for ODA Programs/Projects. The Bank receives the funds, manages and makes use of these loans and bears all risks relating to the loans. In case of the loan become insolvent, the Bank is responsible to repay BIDV and the National Management Unit for ODA Programs/Projects as committed in the signed contract.

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Loan portfolio by loan group was as follows:

	31/12/2014		31/12/2013	
	VND million	%	VND million	%
Group 1 - Current	70,792,032	94.52%	48,531,102	92.49%
Group 2 - Special mentioned	2,122,599	2.83%	2,468,725	4.70%
Group 3 - Substandard	766,633	1.02%	594,869	1.14%
Group 4 - Doubtful	706,443	0.94%	474,208	0.90%
Group 5 - Loss	515,866	0.69%	405,219	0.77%
	74,903,573	100%	52,474,123	100%

Loan portfolio by term was as follows:

	31/12/2014		31/12/2013	
	VND million	%	VND million	%
Short term	23,487,960	31.36%	24,575,232	46.83%
Medium term	35,301,089	47.13%	18,734,481	35.70%
Long term	16,114,524	21.51%	9,164,410	17.47%
	74,903,573	100%	52,474,123	100%

Loan portfolio by type of borrowers was as follows:

	31/12/2014		31/12/2013	
	VND million	%	VND million	%
State-owned enterprises	4,013,460	5.36%	1,453,967	2.77%
Limited liability companies	18,724,562	25.00%	14,591,969	27.81%
Joint stock companies	18,022,059	24.06%	12,757,141	24.31%
Foreign invested companies	593,212	0.79%	226,724	0.43%
Private businesses	546,195	0.73%	494,031	0.94%
Individuals and others	33,004,085	44.06%	22,950,291	43.74%
	74,903,573	100%	52,474,123	100%

Loan portfolio by industry sectors was as follows:

	31/12/2014		31/12/2013	
	VND million	%	VND million	%
Agriculture and forestry	2,386,836	3.19%	1,615,109	3.08%
Trading, manufacturing and processing	39,798,746	53.13%	16,160,966	30.80%
Construction	4,190,374	5.59%	3,794,409	7.23%
Warehousing, transportation and communications	3,497,582	4.67%	1,725,027	3.29%
Personal service activities and others	25,030,035	33.42%	29,178,612	55.60%
	74,903,573	100%	52,474,123	100%

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Year-end annual interest rates were as follows:

	31/12/2014	31/12/2013
Loans and advances in VND	3% - 14%	7% - 15%
Loans and advances in foreign currencies	1.7% - 5.5%	2.3% - 6%

10. Allowance for loans and advances to customers

	31/12/2014 VND million	31/12/2013 VND million
General allowance	574,697	386,254
Specific allowance	549,605	218,453
	1,124,302	604,707

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

	2014 VND million	2013 VND million
Opening balance	386,254	256,536
Allowance made during the year (Note 27)	188,443	129,718
Closing balance	574,697	386,254

Movements in specific allowance for loans and advances to customers were as follows:

	2014 VND million	2013 VND million
Opening balance	218,453	123,646
Allowance made during the year (Note 27)	1,005,367	346,631
Allowance utilised during the year	(674,215)	(251,824)
Closing balance	549,605	218,453

11. Investment securities

	31/12/2014 VND million	31/12/2013 VND million
Available-for-sale securities		
Government bonds (*)	17,279,638	4,788,735
SBV bills	2,385,203	200,000
Treasury bills	1,892,890	3,926,630
Bonds issued by local credit institutions	11,541,583	13,106,359
<i>In which: Bonds guaranteed by Government (**)</i>	<i>8,618,211</i>	<i>8,718,316</i>
Bonds issued by local economic entities	11,081,615	6,410,670
	<hr/>	<hr/>
	44,180,929	28,432,394
Allowances for available-for-sale securities (i)	(70,007)	-
	<hr/>	<hr/>
	44,110,922	28,432,394
Held-to-maturity investment securities		
Special bonds issued by VAMC	3,956,097	636,695
Allowance for special bonds (ii)	(127,339)	-
	<hr/>	<hr/>
	3,828,758	636,695
	<hr/>	<hr/>
	47,939,680	29,069,089

(*) Included in the balance as at 31 December 2014 is VND800,000 million of Government bonds which were pledged for the Bank's borrowings from the SBV (31/12/2013: VND1,820,649 million) (Note 16) and VND4,592,000 million sold under repurchase agreements with local credit institutions (31/12/2013: VND200,000 million) (Note 17).

(**) Included in the balance as at 31 December 2014 is VND1,767,000 million of bonds guaranteed by Government sold under repurchase agreements with local credit institutions (31/12/2013: nil) (Note 17).

The contractual year-end terms and annual interest rates of debt securities were as follows:

	31/12/2014		31/12/2013	
	Term	Interest rate	Term	Interest rate
Government bonds	1 month - 15 years	5.4% - 13.2%	5 years	13.2%
SBV bills	3 months	3.5%	6 months	5.50%
Treasury bills	6 months - 1 year	4.8% - 6%	1 year	6.03% - 6.50%
Bonds issued by local credit institutions				
▪ Bonds issued in VND	7 months - 10 years	6.1% - 12.6%	2 years - 10 years	9.55% - 10.5%
▪ Bonds issued in USD	Not applicable	Not applicable	3 months - 1 year	1.7% - 4.5%
Bonds issued by local economic entities				
▪ Bonds issued in VND	1 year - 5 years	6% - 13.5%	2 years - 5 years	8.6% - 15%

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- (i) Movements in general allowance for available-for-sale securities:

	2014 VND million	2013 VND million
Opening balance	-	-
Allowances made during the year (Note 27)	70,007	-
Closing balance	70,007	-

Movements in specific allowance for available-for-sale securities:

	2014 VND million	2013 VND million
Opening balance	-	-
Allowances made during the year (Note 27)	32,875	-
Allowances utilised during the year	(32,875)	-
Closing balance	-	-

- (ii) Movements in allowance for special bonds were as follows:

	2014 VND million	2013 VND million
Opening balance	-	-
Allowances made during the year (Note 27)	127,339	-
Closing balance	127,339	-

12. Long-term investments

(a) Investments in subsidiaries

	Ownership	31/12/2014 VND million	31/12/2013 VND million
VPBank Securities Company Limited	100%	800,000	800,000
VPBank Asset Management Company Limited	100%	115,000	115,000
VPBank Finance Company Limited (i)	100%	1,224,035	-
		2,139,035	915,000

- (i) As at 24 July 2014, the Bank completed the acquisition of 100% equity of Vietnam National Coal - Mineral Finance Company ("the Company") and renamed the Company to VPBank Finance Company Limited at the total amount of VND1,224,035 million. The acquisition enables the Bank to hold 100% of control over the Company.

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(b) Other long-term investments

	31/12/2014 VND million	31/12/2013 VND million
Investments in listed financial institutions	38,366	38,366
Investments in unlisted economic entities	24,683	24,683
	63,049	63,049

List of other long-term investments:

	31/12/2014		31/12/2013	
	At cost VND million	Ownership (%)	At cost VND million	Ownership (%)
Investments in unlisted financial institutions				
Bank for Investment and Development of Vietnam JSC	38,366	0.08%	38,366	0.08%
Investments in unlisted economic entities				
ITRACO JSC	21	0.64%	21	0.64%
Dong Xuan JSC	5,000	10.00%	5,000	10.00%
Banking Investment and Consultancy JSC (BTC)	371	4.78%	371	4.78%
Foreign Trade Development & Investment Corporation of Ho Chi Minh City (FIDECO)	15,357	1.67%	15,357	1.67%
Vietnam Credit Information JSC (PCB)	3,934	3.93%	3,934	3.93%
	63,049		63,049	

(c) Allowance for diminution in value of long-term investments

	2014 VND million	2013 VND million
Opening and closing balances	473	473

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13. Tangible fixed assets

<i>2014</i>	Buildings and structures VND million	Machinery and equipment VND million	Motor vehicles VND million	Office equipment VND million	Others VND million	Total VND million
Cost						
Opening balance	60,411	42,600	91,808	149,684	110,719	455,222
Additions						
- Purchases during the year	3,277	22,717	9,715	11,940	12,094	59,743
- Other additions	19,442	-	-	-	-	19,442
Decreases						
- Disposals	-	(529)	(3,051)	(772)	(2,680)	(7,032)
Reclassification	(526)	204,148	(13,947)	(108,289)	(81,386)	-
Closing balance	82,604	268,936	84,525	52,563	38,747	527,375
Accumulated depreciation						
Opening balance	11,233	18,728	41,476	81,508	68,366	221,311
Charge for the year	4,240	24,632	13,284	16,773	12,694	71,623
Decreases						
- Disposals	-	(379)	(2,955)	(763)	(2,516)	(6,613)
Reclassification	(410)	132,043	(9,694)	(64,678)	(57,261)	-
Closing balance	15,063	175,024	42,111	32,840	21,283	286,321
Net book value						
Opening balance	49,178	23,872	50,332	68,176	42,353	233,911
Closing balance	67,541	93,912	42,414	19,723	17,464	241,054

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2013	Buildings and structures VND million	Machinery and equipment VND million	Motor vehicles VND million	Office equipment VND million	Others VND million	Total VND million
Cost						
Opening balance	60,573	55,702	106,390	149,681	115,152	487,498
Additions						
- Purchases during the year	116	5,717	10,819	55,730	15,815	88,197
Decreases						
- Disposals	(108)	(843)	(20,195)	(6,515)	(3,497)	(31,158)
Reclassifications	(170)	(17,976)	(5,206)	(49,212)	(16,751)	(89,315)
Closing balance	60,411	42,600	91,808	149,684	110,719	455,222
Accumulated depreciation						
Opening balance	11,621	23,149	53,987	100,542	63,562	252,861
Charge for the year	1,406	6,709	12,245	14,138	18,502	53,000
Other additions	496	3,086	20,859	11,437	24,586	60,464
Decreases						
- Disposals	(108)	(370)	(14,772)	(5,703)	(2,339)	(23,292)
- Other decreases	(2,012)	(2,631)	(28,298)	(1,732)	(25,574)	(60,247)
Reclassifications	(170)	(11,215)	(2,545)	(37,174)	(10,371)	(61,475)
Closing balance	11,233	18,728	41,476	81,508	68,366	221,311
Net book value						
Opening balance	48,952	32,553	52,403	49,139	51,590	234,637
Closing balance	49,178	23,872	50,332	68,176	42,353	233,911

14. Intangible fixed assets

2014	Land use rights VND million	Software VND million	Total VND million
Cost			
Opening balance	90,710	162,778	253,488
Additions	1,744	32,266	34,010
Other increases	120,558	-	120,558
Other decreases	-	(1,664)	(1,664)
Closing balance	213,012	193,380	406,392
Accumulated amortisation			
Opening balance	868	81,333	82,201
Amortisation for the year	-	25,046	25,046
Other decreases	-	(239)	(239)
Closing balance	868	106,140	107,008
Net book value			
Opening balance	89,842	81,445	171,287
Closing balance	212,144	87,240	299,384

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2013	Land use rights VND million	Software VND million	Total VND million
Cost			
Opening balance	90,711	141,538	232,249
Additions	-	19,893	19,893
Other increase	-	3,207	3,207
Other decreases	(1)	-	(1)
Reclassifications	-	(1,860)	(1,860)
Closing balance	90,710	162,778	253,488
Accumulated amortisation			
Opening balance	877	62,678	63,555
Charge for the year	-	19,708	19,708
Other increase	-	38	38
Other decreases	(9)	(1,080)	(1,089)
Reclassifications	-	(11)	(11)
Closing balance	868	81,333	82,201
Net book value			
Opening balance	89,834	78,860	168,694
Closing balance	89,842	81,445	171,287

15. Other assets

(a) Receivables

	31/12/2014 VND million	31/12/2013 (Reclassified) VND million
<i>Internal receivables</i>		
▪ Advances for operations	35,857	120,409
▪ Advances for salaries, per diem	75	408
▪ Others	853	11,676
<i>External receivables</i>		
▪ Others (deposits to purchase offices, debt sold and purchased, etc.)	5,239,056	4,328,613
<i>Construction in progress</i>	251	-
	5,276,092	4,461,106

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(b) Interest and fee receivable

	31/12/2014	31/12/2013
	VND million	VND million
Interest receivable from the deposits	8,957	508,016
Interest receivable from the investment securities	2,097,834	1,195,078
Interest receivable from credit activities	1,529,985	1,078,001
Interest receivable from the derivative instruments	331,602	141,079
Fee receivables	74	74
	3,968,452	2,922,248

(c) Other assets

	31/12/2014	31/12/2013
	VND million	VND million
Materials	10,362	10,735
Prepaid expenses	597,859	479,486
Foreclosed assets transferred to VPBank awaiting for resolution	1,582,091	1,579,368
Receivables from entrusted contracts (i)	750,150	750,150
Others	4,958	14,139
	2,945,420	2,833,878

- (i) This represents unsecured entrusted contracts to purchase securities with term of 62 months; returns from which are determined by actual business results, without collaterals (31/12/2013: term of 62 months and returns determined by actual business results).

(d) Allowance for other assets

Movements in the allowance for other balance-sheet assets were as follows:

	2014	2013
	VND million	VND million
Opening balance	377,463	-
Allowance (reverse)/made during the year (Note 27)	(271,077)	377,463
Closing balance	106,386	377,463

16. Amounts due to the Government and the State Bank of Vietnam

This represents borrowings on discounted and rediscounted valuable papers at SBV which were secured by Government bonds amounting to VND800,000 million (31/12/2013: VND1,820,649 million) (Note 11). These borrowings have the original term of 7 days and bear an interest rate of 5% per annum (31/12/2013: original term of 7 days and bear an interest rate of 5.5% per annum).

17. Deposits and borrowings from other credit institutions

	31/12/2014 VND million	31/12/2013 VND million
Demand deposits	925,476	94,966
Demand deposits in VND	920,991	65,035
Demand deposits in foreign currencies	4,485	29,931
Term deposits	14,643,034	7,986,669
Term deposits in VND	8,568,000	5,731,129
Term deposits in foreign currencies	6,075,034	2,252,210
Borrowings	11,533,272	5,052,417
Borrowings in VND	1,104,147	2,675,999
Borrowings in foreign currencies	4,715,540	2,169,864
Discounted borrowings of valuable papers in VND (*)	5,513,585	206,554
	27,101,782	13,134,052

(*) These borrowings are secured by VND4,592,000 million and VND1,767,000 million Government bonds and Government guaranteed bonds respectively (31/12/2013: VND200,000 million Government bonds, Government guaranteed bonds: nil) (Note 11).

Year-end annual interest rates were as follows:

	31/12/2014	31/12/2013
Demand deposits in VND	0.50%	1.20%
Demand deposits in foreign currencies	0.25%	0.25%
Term deposits in VND	3% - 5.4%	2.5% - 6.1%
Term deposits in foreign currencies	0.5% - 1.2%	0.5% - 1.4%
Borrowings in VND	3.2% - 7.1%	3.5% - 10%
Borrowings in foreign currencies	0.7% - 2.8%	0.5% - 3.5%
Discounted borrowings of valuable papers in VND	3.5% - 4.7%	4.9%

18. Deposits from customers

	31/12/2014 VND million	31/12/2013 VND million
Current accounts	7,958,452	5,959,520
Current accounts in VND	7,145,430	5,611,494
Current accounts in foreign currencies	813,022	348,026
Term deposits	99,101,185	78,363,009
Term deposits in VND	90,244,036	71,621,611
Term deposits in foreign currencies	8,857,149	6,741,398
Deposits for special purposes	337,286	49,427
Deposits for special purposes in VND	328,774	49,345
Deposits for special purposes in foreign currencies	8,512	82
Marginal deposits	355,500	288,770
Marginal deposits in VND	257,438	223,960
Marginal deposits in foreign currencies	98,062	64,810
	107,752,423	84,660,726

Deposits from customers by type of customers were as follows:

	31/12/2014 VND million	31/12/2013 VND million
Economic entities	39,515,386	25,688,456
Individuals	63,371,776	54,743,571
Others	4,865,261	4,228,699
	107,752,423	84,660,726

Year-end annual interest rates were as follows:

	31/12/2014	31/12/2013
Current accounts in VND	0.50%	1.20%
Current accounts in foreign currencies	0.25%	0.25%
Term deposits in VND	1% - 9%	1.2% - 9%
Term deposits in foreign currencies	0.2% - 2%	0.05% - 2%

19. Derivatives and other financial liabilities

	Total contract nominal value (at contractual foreign exchange rate) VND million	Total carrying value (at foreign exchange rate at reporting date)		
		Assets VND million	Liabilities VND million	Net value VND million
<i>As at 31 December 2014</i>				
Derivative financial instruments	43,226,798	11,191,967	(11,407,300)	(215,333)
Foreign exchange forward contracts	25,178,021	7,549,617	(7,748,089)	(198,472)
Foreign exchange swap contracts	18,048,777	3,642,350	(3,659,211)	(16,861)
<i>As at 31 December 2013</i>				
Derivative financial instruments	27,504,838	4,574,951	(4,625,802)	(50,851)
Foreign exchange forward contracts	12,340,612	2,657,629	(2,760,747)	(103,118)
Foreign exchange swap contracts	15,164,226	1,917,322	(1,865,055)	52,267

20. Valuable papers issued

	31/12/2014 VND million	31/12/2013 VND million
From 12 months up to 5 years	8,309,544	2,000,755
More than 5 years	2,500,000	2,500,000
	10,809,544	4,500,755

Valuable papers of the Bank consisted of certificates of deposits in VND which bore annual interest rate from 7.08% to 8.5% per annum, interest is paid quarterly or at maturity (31/12/2013: nil) and bonds in VND which bore annual interest rates ranging from 8% to 10.6%, interest is paid annually (31/12/2013: from 10% to 10.6% per annum).

21. Other liabilities

(a) Accrued interest and fee payables

	31/12/2014 VND million	31/12/2013 VND million
Interest payable for deposits	1,540,813	1,568,059
Interest payable for valuable papers issued	176,246	127,822
Interest payable for borrowings	23,270	52,919
Interest payable for other borrowed and entrusted funds	57	47
Interest payable for derivative instruments	176,626	76,384
Fee payables	289	234
	1,917,301	1,825,465

(b) Other payables and liabilities

	31/12/2014 VND million	31/12/2013 VND million
<i>Internal payables</i>		
▪ Payable to employees	302,196	142,265
▪ Bonus and welfare funds	-	281
<i>External payables</i>		
▪ Provision for taxation (Note 32)	92,018	231,261
▪ Deferred interest income on bonds	31,246	161,046
▪ Payables for entrusted loan management contracts	-	191,156
▪ Other payables	747,447	451,995
	<u>1,173,207</u>	<u>1,178,007</u>

(c) Provision for off-balance sheet commitments

Movements in general provision for off-balance sheet commitments were as follows:

	2014 VND million	2013 VND million
Opening balance	43,569	14,238
Provision (reversed) made during the year (Note 27)	(43,569)	29,331
Closing balance	<u>-</u>	<u>43,569</u>

22. Capital and reserves

(a) Statement of changes in equity

	Share capital	Share premium	Reserve to supplement chartered capital	Financial reserve	Investment and development reserve	Retained earnings	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance at 1 January 2013	5,770,000	1,369	-	181,929	35	550,836	6,504,169
Net profit for the year	-	-	-	-	-	969,408	969,408
▪ <i>In which: profits from subsidiaries</i>	-	-	-	-	-	81,933	81,933
Appropriations to equity funds	-	-	27,527	55,053	-	(82,580)	-
Utilisations of reserves	-	-	-	(27)	-	-	(27)
Balance at 1 January 2014	5,770,000	1,369	27,527	236,955	35	1,437,664	7,473,550
Issuance of bonus shares	27,526	-	(27,526)	-	-	-	-
Dividend shares	549,884	-	-	-	-	(549,884)	-
Net profit for the year	-	-	-	-	-	1,213,314	1,213,314
▪ <i>In which: profits from subsidiaries</i>	-	-	-	-	-	62,415	62,415
Appropriations to equity funds	-	-	71,736	143,473	-	(215,209)	-
Other movement	-	-	-	-	-	(1)	(1)
Balance at 31 December 2014	6,347,410	1,369	71,737	380,428	35	1,885,884	8,686,863

(b) Share capital

	31/12/2014		31/12/2013	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	634,741,000	6,347,410	577,000,000	5,770,000
Issued share capital				
Ordinary shares	634,741,000	6,347,410	577,000,000	5,770,000
Shares in circulation				
Ordinary shares	634,741,000	6,347,410	577,000,000	5,770,000

Nominal value of the Bank's ordinary share is VND10,000. Each share is entitled to one vote at the Annual General Meeting of the Bank. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Bank's residual assets.

23. Net interest income

	2014	2013
	VND million	(Reclassified) VND million
<i>Interest and similar income</i>		
Interest income from deposits	137,060	686,209
Interest income from loans to customers	8,313,013	7,332,026
Interest income from trading and investment debt securities	3,321,628	2,835,473
Interest income from guarantees	88,990	69,078
Other income from credit activities	314,668	114,545
	12,175,359	11,037,331
<i>Interest and similar expenses</i>		
Interest expenses for deposits	(5,662,021)	(5,928,625)
Interest expenses for borrowings	(570,695)	(624,933)
Interest expenses for valuable papers issued	(514,661)	(183,930)
Interest expenses from other credit activities	(222,198)	(191,439)
	(6,969,575)	(6,928,927)
Net interest income	5,205,784	4,108,404

24. Net fee and commission income

	2014 VND million	2013 (Reclassified) VND million
<i>Fee and commission income</i>		
Insurance agency services	453,165	198,073
Settlement and cash services	120,027	110,793
Trustee and agency services	83,464	197,191
Consulting services	1,062	190
Other services	40,697	23,513
	<hr/> 698,415	<hr/> 529,760
<i>Fee and commission expenses</i>		
Brokerage commissions	(144,736)	(102,212)
Settlement and cash services	(68,505)	(56,918)
Consulting services	(33,045)	(1,282)
Post and telecommunication charges	(3,742)	(9,068)
Trustee and agency services	(392)	(12,672)
Other services	(87,630)	(67,468)
	<hr/> (338,050)	<hr/> (249,620)
Net fee and commission income	<hr/> 360,365	<hr/> 280,140

25. Net gain from investment securities

	2014 VND million	2013 VND million
Gain from trading of investment securities	537,282	482,012
Loss from trading of investment securities	(71,709)	(305,110)
Net gain from investment securities	<hr/> 465,573	<hr/> 176,902

26. Operating expenses

	2014	2013
	VND million	(Reclassified) VND million
Other taxes and fees	2,304	3,752
Salary and related expenses	1,824,869	1,083,317
<i>In which:</i>		
<i>a. Salary, wages and allowances (employees, collaborators)</i>	1,614,667	928,798
<i>b. Salary based expenses</i>	116,220	76,120
<i>c. Allowances</i>	2,766	4,054
<i>d. Meal allowances</i>	58,522	51,956
<i>e. Other expenses</i>	32,694	22,389
Expenses on assets	274,353	183,080
<i>In which: Depreciation and amortisation</i>	96,669	72,708
Management expenses	506,490	633,200
Deposit insurance expenses	75,234	61,734
Rental expenses	314,303	271,951
Other expenses	498,832	302,122
	3,496,385	2,539,156

27. Allowance and provision expenses

	Note	2014	2013
		VND million	VND million
General allowance (reversed)/made for loans to other credit institutions	7	(54,967)	308
Specific allowance made for loans to other credit institutions	7	731	5,720
General allowance made for securities held for trading	8	14,979	-
General allowance made for loans and advances to customers	10	188,443	129,718
Specific allowance made for loans and advances to customers	10	1,005,367	346,631
General allowance made for investment securities	11(i)	70,007	-
Specific allowance made for investment securities	11(i)	32,875	-
Allowance made for VAMC bonds	11(ii)	127,339	-
Allowance (reversed)/made for other balance-sheet assets	15(d)	(271,077)	377,463
General provision (reversed)/made for off-balance-sheet commitments	21(c)	(43,569)	29,331
		1,070,128	889,171

28. Income tax

(a) Recognised in the statement of income

	2014 VND million	2013 VND million
Current tax expense		
Current year	323,540	295,631
Income tax expense	323,540	295,631

(b) Reconciliation of income tax

	2014 VND million	2013 VND million
Profit before tax	1,536,854	1,265,039
<i>Adjustments for</i>		
• Tax exempt income	(67,332)	(83,637)
• Non deductible expenses according to tax law	1,116	721
• Adjustment of current year taxable income as per tax finalisation of prior years	-	(591)
Taxable income	1,470,638	1,181,532
Tax at the Bank's tax rate	323,540	295,383
Under provision of previous year's tax payables	-	248
Total income tax expense	323,540	295,631

(e) Applicable tax rate

The Bank has obligations to pay the government income tax at rates of 22% of taxable profits. The CIT computation is subject of the review and approval of the tax authorities.

On 19 June 2013, the National Assembly approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

29. Cash and cash equivalents

	31/12/2014 VND million	31/12/2013 VND million
Cash and gold on hand	1,357,719	1,548,988
Balance with the SBV	3,701,129	1,523,596
Demand deposit with other credit institutions	917,653	1,144,312
Balances with other credit institutions with original terms of not exceeding three months	639,043	510,360
Securities with recovery or maturity not exceeding three months from the acquisition date	2,535,659	210,360
	<u>9,151,203</u>	<u>4,937,616</u>

30. Significant transactions with related parties

	Balances	
	31/12/2014 VND million	31/12/2013 VND million
VPBank Securities Company Limited - Subsidiary		
Deposits at the Bank	71,060	297,284
Receivables from the subsidiary	93	840
Interest payables to the subsidiary	6	-
Capital contribution to the subsidiary	800,000	800,000
VPBank Asset Management Company Limited - Subsidiary		
Deposits at the Bank	23,683	519,663
Lending at the Bank	159,700	-
Receivables from the subsidiary	11,025	17,698
Interest payables to the subsidiary	5	5,147
Capital contribution to the subsidiary	115,000	115,000
Payables from entrusted activities	-	191,156
VPBank Finance Company Limited - Subsidiary		
Deposits at the Bank	1,873,533	-
Receivables from the subsidiary	2,363,377	-
Interest payables to the subsidiary	222	-
Capital contribution to the subsidiary	1,224,035	-
	<u>1,873,533</u>	<u>-</u>

	Transactions	
	2014 VND million	2013 VND million
VPBank Securities Company Limited - Subsidiary		
Interest expense for deposits from the subsidiary	665	1,642
Loss from trading securities	8,858	-
Profits transferred to the Bank from the subsidiary	-	54,764
VPBank Asset Management Company Limited - Subsidiary		
Interest expense for deposits from the subsidiary	26,945	49,200
Interest income from loans	13,307	-
Rental and entrusted expenses	71,962	249,886
Other service expenses	3,358	-
Profits transferred to the Bank from the subsidiary	63,915	27,169
VPBank Finance Company Limited - Subsidiary		
Interest expense for deposits from the subsidiary	12,708	-
Interest income from loans	2,516	-

31. Employee benefits

	2014	2013
Average number of employees during the year (employees)	7,745	5,243
Employees' income		
1. Salaries (VND million)	1,515,512	888,334
2. Allowances (VND million)	58,046	55,085
	<u>1,573,558</u>	<u>943,419</u>
Average annual salary (VND million)	196	169
Average annual income (VND million)	<u>203</u>	<u>180</u>

32. Obligations to the State Budget

<i>For the year ended 31/12/2014</i>	31/12/2013 VND million	Incurred VND million	Paid VND million	31/12/2014 VND million
Value added tax	4,060	44,164	(40,810)	7,414
Corporate income tax	210,787	323,540	(474,787)	59,540
Other taxes	16,414	97,548	(88,898)	25,064
	231,261	465,252	(604,495)	92,018

<i>For the year ended 31/12/2013</i>	31/12/2012 VND million	Incurred VND million	Paid VND million	31/12/2013 VND million
Value added tax	2,438	22,087	(20,465)	4,060
Corporate income tax	32,792	295,631	(117,636)	210,787
Other taxes	17,782	68,633	(70,001)	16,414
	53,012	386,351	208,102	231,261

33. Segment reporting

Geographical segments

The Bank has monitored segment information by main regions in Vietnam as follows:

<i>As at 31/12/2014</i>	The North VND million	The Central VND million	The South VND million	Total VND million
Assets	117,770,247	3,508,512	37,335,495	158,614,254
Liabilities	110,587,270	3,528,950	35,811,171	149,927,391
Fixed assets	390,587	37,167	112,684	540,438

<i>2014</i>	The North VND million	The Central VND million	The South VND million	Elimination VND million	Total VND million
Revenue	20,733,531	909,753	8,203,863	(10,577,039)	19,270,108
Expenses	20,680,418	942,577	6,687,298	(10,577,039)	17,733,254
Profit before tax	53,113	(32,824)	1,516,565	-	1,536,854

<i>As at 31/12/2013</i>	The North VND million	The Central VND million	The South VND million	Total VND million
Assets	86,114,879	1,073,507	27,627,783	114,816,169
Liabilities	76,308,581	3,347,691	27,686,347	107,342,619
Fixed assets	233,218	41,257	130,723	405,198

2013	The North VND million	The Central VND million	The South VND million	Elimination VND million	Total VND million
Revenue	16,754,508	1,488,502	5,950,781	(10,670,115)	13,523,676
Expenses	16,145,355	1,582,767	5,200,630	(10,670,115)	12,258,637
Profit before tax	609,153	(94,265)	750,151	-	1,265,039

34. Financial instruments disclosure

(a) Financial risk management

The Bank has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risks

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

Risk management framework

The Board of Directors ("BOD") has overall responsibility for the establishment and oversight of the Bank's risk management framework. To facilitate this oversight function, the Bank's BOD has established an Assets and Liabilities Committee ("ALCO") and a Risk Committee ("RCO") which are responsible for developing and monitoring key risk management policies for specific areas authorised by the BOD and periodically report to the BOD on their activities. These committees include both permanent and non-permanent members.

The Bank's risk management framework is established to form key principles in managing and controlling significant risks arising from the Bank's activities. Based on this, specific policies and regulations for each type of risk are established to assist the Bank in analysing and determining appropriate risk limits and control and monitoring measures and ensuring adherence to the limits.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(b) Credit risk

The Bank is subject to credit risk through its lending and investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The risk that counterparties might default on their obligations is monitored on an ongoing basis. The Bank's primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. In addition, the Bank is exposed to off balance sheet credit risk through commitments to extend credit and guarantees issued.

Credit risk management

Credit risk is the one that exerts the largest impact on the Bank's income and capital. The Bank has established a credit risk appetite on the basis of managing credit activities in a prudent manner and in compliance with pre-determined limits including the credit concentration risk limits and adhering to the Bank's risk tolerance. In principle, the Bank refuses to get involved in credit activities or credit products until sufficient understanding of such and appropriate control measures are obtained. To keep credit risks under control, the Bank's policy is to engage in transactions with reliable partners, and request its partners to take guarantee measures as and when required.

The credit risk management system is operated based on the principles of independence and centralisation. Accordingly, the development of risk management policies, determination of risk limits and risk monitoring, risk reporting and risk control are implemented independently and centrally at the Risk Management Division. The reports from the Risk Management Division are a basis for RCO to issue key credit decisions.

The Bank measures credit risks, make allowances and comply with safe ratios for loan and advances to customers and to other credit institutions in accordance with relevant regulations of the SBV.

The Bank's overall approach to credit risk is a risk based approach. Accordingly, credit approval or credit valuation decisions as well as the behavioural methods in monitoring and classifying credits and controlling credit risks are being designed following the risk levels of customers. To this end, key activities being implemented by the Bank include the followings:

- Focusing on completion of data infrastructure used for developing credit rating and risk classification systems in accordance with international standards;
- Developing and completing the credit rating system and the scorecard system;
- Gathering and reviewing credit policies/documents of the whole system to reassess the integrity and responsiveness to the requirements specified in the policies of Risk Management Framework;
- Completing the credit quality monitoring mechanism for the entire life cycle of a loan;
- Developing an early credit risk warning system; and
- Developing a debt recovery and restructuring system.

Set out below is credit exposure of the Bank's balance sheet, excluding collateral or credit support:

<i>As at 31 December 2014</i>	Neither past due nor impaired	Past due but not impaired	Past due and with allowance made	Total
	VND million	VND million	VND million	VND million
Balances with and loans to other credit institutions – gross	13,186,202	165	6,451	13,192,818
Securities held for trading	3,839,440	-	-	3,839,440
Loans and advances to customers – gross	70,321,260	1,176,840	3,405,473	74,903,573
Investment securities	44,180,929	-	3,956,097	48,137,026
Other financial assets – gross	8,631,294	-	1,261,943	9,893,237
	140,159,125	1,177,005	8,629,964	149,966,094

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<i>As at 31 December 2013</i>	Neither past due nor impaired VND million	Past due but not impaired VNDmillion	Past due and with allowance made VND million	Total VND million
Balances with and loans to other credit institutions – gross	11,851,597	-	5,720	11,857,317
Securities held for trading	7,785,907	-	-	7,785,907
Loans and advances to customers – gross	48,531,102	1,573,705	2,369,316	52,474,123
Investment securities	29,069,089	-	-	29,069,089
Other financial assets – gross	7,446,740	-	539,233	7,985,973
	104,684,435	1,573,705	2,914,269	109,172,409

Types and carrying value of collaterals held by the Bank was as follows:

	31/12/2014 VND million	31/12/2013 VND million
Real estates	121,659,808	85,080,187
Movable assets	14,394,157	14,034,117
Valuable papers	47,453,887	11,944,826
Other secured assets	51,033,278	49,586,638
	234,541,130	160,645,768

The Bank does not hold collateral that can be sold or pledged to third parties when the owners still be able to repay debt.

(c) Liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due, or, the risk that the Bank might have to face unacceptable material losses in order to meet those obligations. Liquidity risk may lead to negative effect on the Bank's profit, reputation, equity, even causes the Bank's bankruptcy.

Liquidity risk management

The Bank maintains a specific portfolio and volume of high-liquidation assets, which may includes but not limited of cash, gold, interbank deposits, Government bonds and other high-liquidation assets in order to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The Bank will establish specific liquidity gap and follow strictly on each period based on Assets and Liabilities structure.

The Bank understands the interrelation of credit risk and market risk and how they may have impacts on the Bank's liquidity. The Bank also realizes that liquidity risks come from two sides of its balance sheet. Therefore, the Bank's approach to managing liquidity is to constantly focus on diversification of investment and credit activities and increases of accessibility to capital markets by various fund raising tools and products.

ALCO Support Department under the Finance Division is responsible for daily oversight of the Bank's liquidity and submission of the Bank's consolidated liquidity reports to ALCO for review and making decisions that are compatible with the development strategy of the Bank and the business status and market developments in different periods. The Bank adopts both of the common approaches to managing liquidity, namely Stock Approach and Flow Approach. Accordingly, the Bank monitors on a daily basis the compliance with adequate liquidity ratios and forecast movements of cash flows which may have impact on the Bank's liquidity position in the future to ensure compliance at any time with all the regulations of the SBV as well as the its internal regulations.

Liquidity risk limits are established based on results of the Bank's liquidity forecast in normal and stressed market conditions. Regular liquidity stress testing is conducted under a variety of scenarios covering adverse conditions. At the same time, the Bank also issues specific regulations on a Liquidity Contingency Plan ("LCP") which clearly specify the roles and responsibilities of each unit and individual and a coordination process for implementation when there appear signs of a possible stressed liquidity event.

The following table provides an analysis of the monetary assets and liabilities of the Bank into relevant maturity groupings based on the remaining period from the balance sheet date to repayment date.

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<i>As at 31 December 2014</i> <i>(VND million)</i>	Overdue more than 3 months	Overdue less than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years	Total
Assets								
Cash and gold on hand	-	-	1,357,719	-	-	-	-	1,357,719
Balances with the SBV	-	-	3,701,129	-	-	-	-	3,701,129
Balances with and loans to other credit institutions - gross	6,451	-	3,613,158	3,330,831	6,242,378	-	-	13,192,818
Securities held for trading - gross	-	-	3,839,440	-	-	-	-	3,839,440
Loans and advances to customers - gross	1,988,942	2,593,371	10,735,932	7,240,408	13,684,350	24,628,780	14,031,790	74,903,573
Investment securities - gross	-	-	3,487,141	1,846,994	13,808,171	23,294,276	5,700,444	48,137,026
Long term investments - gross	-	-	-	-	-	-	63,049	63,049
Other financial assets - gross	813	-	5,242,767	-	3,899,507	750,150	-	9,893,237
	1,996,206	2,593,371	31,977,286	12,418,233	37,634,406	48,673,206	19,795,283	155,087,991
Liabilities								
Amounts due to the Government and the SBV	-	-	832,555	-	-	-	-	832,555
Deposits and borrowings from other credit institutions	-	-	17,979,403	5,484,841	3,542,138	93,943	1,457	27,101,782
Deposits from customers	-	-	35,942,089	26,292,974	35,740,772	9,775,179	1,409	107,752,423
Derivatives and other financial liabilities	-	-	215,333	-	-	-	-	215,333
Other borrowed and entrusted funds	-	-	-	-	-	621	124,625	125,246
Valuable papers issued	-	-	-	-	-	8,309,544	2,500,000	10,809,544
Other financial liabilities	-	-	2,596,671	-	-	-	-	2,596,671
	-	-	57,566,051	31,777,815	39,282,910	18,179,287	2,627,491	149,433,554
Net liquidity gap	1,996,206	2,593,371	(25,588,765)	(19,359,582)	(1,648,504)	30,493,919	17,167,792	5,654,437

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<i>As at 31 December 2013</i> <i>(VND million)</i>	Overdue more than 3 months	Overdue less than 3 months	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years	Total
Assets								
Cash and gold on hand	-	-	1,548,988	-	-	-	-	1,548,988
Balances with the SBV	-	-	1,523,596	-	-	-	-	1,523,596
Balances with and loans to other credit institutions - gross	5,720	-	4,130,584	5,225,826	2,495,187	-	-	11,857,317
Securities held for trading - gross	-	-	6,285,564	155,699	53,562	1,054,114	236,968	7,785,907
Loans and advances to customers - gross	1,474,296	2,468,725	9,482,535	5,854,499	10,894,527	14,014,632	8,284,909	52,474,123
Investment securities - gross	-	-	303,345	678,769	10,299,764	14,953,246	2,833,965	29,069,089
Long term investments - gross	-	-	-	-	-	-	63,049	63,049
Other financial assets - gross	539,233	-	6,696,590	-	-	750,150	-	7,985,973
	2,019,249	2,468,725	29,971,202	11,914,793	23,743,040	30,772,142	11,418,891	112,308,042
Liabilities								
Amounts due to the Government and the SBV	-	-	1,885,457	-	-	-	-	1,885,457
Deposits and borrowings from other credit institutions	-	-	8,708,726	1,800,052	2,625,274	-	-	13,134,052
Deposits from customers	-	-	30,683,740	20,651,497	33,125,124	199,880	485	84,660,726
Derivatives and other financial liabilities	-	-	50,851	-	-	-	-	50,851
Other borrowed and entrusted funds	-	-	-	-	-	63,737	-	63,737
Valuable papers issued	-	-	-	-	-	2,000,755	2,500,000	4,500,755
Other financial liabilities	-	-	2,468,616	-	-	-	-	2,468,616
	-	-	43,797,390	22,451,549	35,750,398	2,264,372	2,500,485	106,764,194
Net liquidity gap	2,019,249	2,468,725	(13,826,188)	(10,536,756)	(12,007,358)	28,507,770	8,918,406	5,543,848

(d) Market risks

Market risk is the risk that negative changes in prices and market-related values will adversely affect the Bank's income and capital. Some market risks include interest rate risk, currency risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Market risk management

Management of market risks is vested in the Market Risk Department under the Risk Management Division. The Department is responsible for the development of detailed market risk management policies and process, guidance on market risks management measures, propose independent market risks limits for review and approval by the Management and control market risks limit on daily/monthly basis according to the Bank's regulations.

Since the year 2012, the issued market risk management policy has provided fundamental principles and a system of tools, market risk limits on trading activities (Trading book) and other interest rate risk positions in the Banking Book, with controls such as the Net FX Exposure, Present value of a basis point - PV01, Cash Flow Exposure, Duration gap and maturity gap measurement (using the Repricing Model – Revaluation Gap).

In the future, when required condition of infrastructure and data are available, the Bank will adopt more advanced methods such as Value at Risk (VaR), Monte Carlo model, etc. to accurately measure risks and compute capital to be necessarily allocated for market risk under the Basel II standards.

Market forecasts also play an important role in market risk management. The Market Risk Management Department in combination with other specialized units gathers and analyzes information and data to generate forecasts regarding potential market movements. Accordingly, the Bank is provided with a sufficient basis for making decisions on effective risk prevention measures.

In the upcoming time, the Bank plans to actively research risk measuring models for financial derivatives in order to ensure preparedness for controlling associated risks when the Bank decides to provide the products in the Vietnamese market.

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam, with VND as its reporting currency. Meanwhile, the Assets – Resources Structure of the Bank includes other currencies (e.g. USD, EUR, AUD, etc.) and thus the Bank has currency risks.

Currency risk management

The Bank's management has set limits on positions by currency in accordance with the Bank's internal risk assessment system and the SBV's regulations. The major currency in which the Bank transacts is VND. The Bank's loans and advances were mainly denominated in VND with the remainder mainly in USD. Some of the Bank's other assets are in currencies other than the reporting currency of VND and USD. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

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As at 31 December 2014
(VND million)

	VND	USD	EUR	Gold	Other currencies	Total
Assets						
Cash and gold on hand	709,148	250,305	199,858	92,745	105,663	1,357,719
Balances with the SBV	1,627,980	2,073,149	-	-	-	3,701,129
Balances with and loans to other credit institutions						
– gross	8,379,540	4,715,551	55,282	-	42,445	13,192,818
Securities held for trading – gross	1,952,336	1,887,104	-	-	-	3,839,440
Loans and advances to customers – gross	71,455,340	3,448,233	-	-	-	74,903,573
Investment securities – gross	48,137,026	-	-	-	-	48,137,026
Long term investments – gross	63,049	-	-	-	-	63,049
Other financial assets – gross	9,789,531	103,661	3	-	42	9,893,237
	142,113,950	12,478,003	255,143	92,745	148,150	155,087,991
Liabilities						
Amounts due to the Government and the SBV	832,555	-	-	-	-	832,555
Deposits and borrowings from other credit institutions	16,306,723	10,795,059	-	-	-	27,101,782
Deposits from customers	97,975,668	8,547,497	889,945	-	339,313	107,752,423
Derivatives and other financial liabilities	8,295,768	(7,201,423)	(685,121)	-	(193,891)	215,333
Other borrowed and entrusted funds	125,246	-	-	-	-	125,246
Valuable papers issued	10,809,544	-	-	-	-	10,809,544
Other financial liabilities	2,535,517	55,362	4,478	-	1,314	2,596,671
	136,881,021	12,196,495	209,302	-	146,736	149,433,554
FX position	5,232,929	281,508	45,841	92,745	1,414	5,654,437

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<i>As at 31 December 2013</i> <i>(VND million)</i>	VND	USD	EUR	Gold	Other currencies	Total
Assets						
Cash and gold on hand	435,180	207,046	665,769	37,591	203,402	1,548,988
Balances with the SBV	1,511,340	12,256	-	-	-	1,523,596
Securities held for trading - gross	9,954,966	1,847,285	22,220	-	32,846	11,857,317
Derivatives and other financial assets	5,917,456	1,868,451	-	-	-	7,785,907
Loans and advances to customers - gross	48,846,641	3,627,482	-	-	-	52,474,123
Investment securities - gross	27,777,121	1,291,968	-	-	-	29,069,089
Long term investments - gross	63,049	-	-	-	-	63,049
Other financial assets - gross	7,794,959	133,776	6,368	50,550	320	7,985,973
	102,300,712	8,988,264	694,357	88,141	236,568	112,308,042
Liabilities						
Amounts due to the Government and the SBV	1,885,457	-	-	-	-	1,885,457
Deposits and borrowings from other credit institutions	8,696,187	4,437,865	-	-	-	13,134,052
Deposits from customers	77,492,248	6,572,582	399,043	-	196,853	84,660,726
Derivatives and other financial liabilities	827,901	(1,090,576)	267,725	-	45,801	50,851
Other borrowed and entrusted funds	62,184	1,553	-	-	-	63,737
Valuable papers issued	4,500,755	-	-	-	-	4,500,755
Other financial liabilities	2,420,738	41,742	4,569	-	1,567	2,468,616
	95,885,470	9,963,166	671,337	-	244,221	106,764,194
FX position	6,415,242	(974,902)	23,020	88,141	(7,653)	5,543,848



Below is an analysis of the possible impact on the net profit of the Bank. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Sensitivity of profit/(loss) before tax	
	2014 VND million	2013 VND million
USD (2% strengthening)	4,392	(14,624)

The opposite movement of interest rate would have the equal but opposite effect to the net profit of the Bank for the year ended 31 December 2014.

(ii) Securities price risk

Securities price risk arises from the securities held by the Bank. The Bank monitors the securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis.

(iii) Interest rate risk

Interest rate risks are the risks that cause negative effects on the Bank's income and capital due to adverse fluctuations of the interest rate. Interest rate risks arise when there is a difference in term or in amount between interest-earning assets and interest-bearing liabilities that are mobilized to finance such assets. The main activities of the Bank to create interest rate risk, including: lending, mobilization, investment.

Management of interest rate risks

Interest rate risks are measured based on the Repricing Model to analyze and review through the following two main methods:

- *Analysis of changes in net interest income*: on the basis of calculating accrued interest due to changes in interest rate under various scenarios. The method of analyzing the changes in net interest income is reviewed as to short-term effects.
- *Economic value effect analysis (EVE)*: this value represents the effects of interest rate fluctuations on the economic value of assets and liabilities in the balance sheet and off-balance sheet assets. The method of analyzing the effects of economic value of equity is reviewed as to long-term effects on the Bank in respect of interest rate fluctuations.

The following tables show the Bank's assets and liabilities categorized by the contractual repricing or maturity date from the balance sheet date.

Vietnam Prosperity Joint Stock Commercial Bank
Notes to the separate financial statements
for the year ended 31 December 2014 (continued)

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

As at 31 December 2014
(VND million)

	Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total
Assets								
Cash and gold on hand	-	1,357,719	-	-	-	-	-	1,357,719
Balances with the SBV	-	-	3,701,129	-	-	-	-	3,701,129
Balances with and loans to other credit institutions – gross	6,451	-	3,613,158	3,330,831	3,027,462	3,214,916	-	13,192,818
Securities held for trading – gross	-	-	3,839,440	-	-	-	-	3,839,440
Loans and advances to customers - gross	4,582,313	-	30,983,688	16,276,897	4,333,690	6,672,781	12,054,204	74,903,573
Investment securities – gross	-	3,956,097	3,487,141	1,846,994	2,745,555	11,062,616	25,038,623	48,137,026
Long term investments - gross	-	63,049	-	-	-	-	-	63,049
Other financial assets – gross	813	6,778,897	-	-	-	2,363,377	750,150	9,893,237
	4,589,577	12,155,762	45,624,556	21,454,722	10,106,707	23,313,690	37,842,977	155,087,991
Liabilities								
Amounts due to the Government and the SBV	-	-	832,555	-	-	-	-	832,555
Deposits and borrowings from other credit institutions	-	-	17,979,403	5,484,841	3,536,135	6,004	95,399	27,101,782
Deposits from customers	-	-	35,942,089	25,841,555	20,424,014	15,753,773	9,790,992	107,752,423
Derivatives and other financial liabilities	-	215,333	-	-	-	-	-	215,333
Other borrowed and entrusted funds	-	-	125,246	-	-	-	-	125,246
Valuable papers issued	-	-	-	-	-	-	10,809,544	10,809,544
Other financial liabilities	-	2,596,671	-	-	-	-	-	2,596,671
	-	2,812,004	54,879,293	31,326,396	23,960,149	15,759,777	20,695,935	149,433,554
Interest sensitivity gap	4,589,577	9,343,758	(9,254,737)	(9,871,674)	(13,853,442)	7,553,913	17,147,042	5,654,437

Vietnam Prosperity Joint Stock Commercial Bank
Notes to the separate financial statements
for the year ended 31 December 2014 (continued)

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

<i>As at 31 December 2013</i> <i>(VND million)</i>	Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total
Assets								
Cash and gold on hand	-	1,548,988	-	-	-	-	-	1,548,988
Balances with the SBV	-	-	1,523,596	-	-	-	-	1,523,596
Balances with and loans to other credit institutions – gross	731	-	4,129,853	5,225,826	2,495,187	-	5,720	11,857,317
Securities held for trading – gross	-	7,785,907	-	-	-	-	-	7,785,907
Loans and advances to customers - gross	3,943,021	-	23,230,161	15,072,642	5,505,889	1,670,413	3,051,997	52,474,123
Investment securities – gross	-	636,695	303,345	678,769	1,451,670	8,848,094	17,150,516	29,069,089
Long term investments - gross	-	63,049	-	-	-	-	-	63,049
Other financial assets – gross	539,233	6,696,590	-	-	-	-	750,150	7,985,973
	4,482,985	16,731,229	29,186,955	20,977,237	9,452,746	10,518,507	20,958,383	112,308,042
Liabilities								
Amounts due to the Government and the SBV	-	-	1,885,457	-	-	-	-	1,885,457
Deposits and borrowings from other credit institutions	-	-	8,708,726	1,800,052	1,536,914	1,088,360	-	13,134,052
Deposits from customers	-	-	30,683,740	20,651,497	19,289,491	13,835,633	200,365	84,660,726
Derivatives and other financial liabilities	-	50,851	-	-	-	-	-	50,851
Other borrowed and entrusted funds	-	-	-	-	63,737	-	-	63,737
Valuable papers issued	-	-	-	-	-	2,000,755	2,500,000	4,500,755
Other financial liabilities	-	2,468,616	-	-	-	-	-	2,468,616
	-	2,519,467	41,277,923	22,451,549	20,890,142	16,924,748	2,700,365	106,764,194
Interest sensitivity gap	4,482,985	14,211,762	(12,090,968)	(1,474,312)	(11,437,396)	(6,406,241)	18,258,018	5,543,848

The table below represents the sensitivity of profit or loss and equity within one year from the assumed increases in lending and funding interest rates in customer market as at 31 December. The opposite result is for the assumed decreases in lending and funding interest rates

<i>For the year ended 31/12/2014</i>	Assumed increase in interest rate	Impact on profit and loss after tax VND million	Impact on equity VND million
VND	3%	(51,848)	(51,848)
USD	1.5%	(85,352)	(85,352)
<hr/>			
<i>For the year ended 31/12/2013</i>	Assumed increase in interest rate	Impact on profit and loss after tax VND million	Impact on equity VND million
VND	3%	(185,019)	(185,019)
USD	1.5%	(49,410)	(49,410)
<hr/>			

(e) Fair value disclosure

Circular No. 210/2009/TT-BTC dated 06 November 2009 by the Ministry of Finance ("Circular 210") requires disclosure of the fair value measurement method and related information of fair value of financial assets and financial liabilities for the purpose of comparing their carrying value and fair value.

The following table sets out the carrying value and fair value of the Bank's financial assets and financial liabilities as at 31 December 2014:



Vietnam Prosperity Joint Stock Commercial Bank
Notes to the separate financial statements for the year ended
31 December 2014 (continued)

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As at 31 December 2014

	Carrying value					Total carrying value VND million	Fair value VND million
	Fair value through profit and loss VND million	Held-to-maturity VND million	Loan and receivables VND million	Available-for-sale VND million	Amortised cost VND million		
Financial assets							
Cash and gold on hand	-	-	1,357,719	-	-	1,357,719	1,357,719
Balances with the SBV	-	-	3,701,129	-	-	3,701,129	*
Balances with and loans to other credit institutions	-	-	13,186,367	-	-	13,186,367	*
Securities held for trading	3,824,461	-	-	-	-	3,824,461	*
Loans and advances to customers	-	-	73,779,271	-	-	73,779,271	*
Investment securities	-	3,828,758	-	44,110,922	-	47,939,680	*
Long term investments	-	-	-	62,576	-	62,576	*
Other financial assets	-	-	9,786,851	-	-	9,786,851	*
	3,824,461	3,828,758	101,811,337	44,173,498	-	153,638,054	*
Financial liabilities							
Amounts due to the Government and the SBV	-	-	-	-	832,555	832,555	*
Deposits and borrowings from other credit institutions	-	-	-	-	27,101,782	27,101,782	*
Deposits from customers	-	-	-	-	107,752,423	107,752,423	*
Derivatives and other financial liabilities	215,333	-	-	-	-	215,333	*
Other borrowed and entrusted funds	-	-	-	-	125,246	125,246	*
Valuable papers issued	-	-	-	-	10,809,544	10,809,544	*
Other financial liabilities	-	-	-	-	2,596,671	2,596,671	*
	215,333	-	-	-	149,218,221	149,433,554	*

* The Bank has not determined fair values of these financial instruments for disclosure in the separate financial statements because there is no listed price in their market and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System. There fair values of these financial instruments may differ from their carrying amounts.

Vietnam Prosperity Joint Stock Commercial Bank
Notes to the separate financial statements for the year ended
31 December 2014 (continued)

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

As at 31 December 2013


	Carrying value						Fair value VND million
	Fair value through profit and loss VND million	Held-to- maturity VND million	Loan and receivables VND million	Available- for-sale VND million	Amortised cost VND million	Total carrying value VND million	
Financial assets							
Cash and gold on hand	-	-	1,548,988	-	-	1,548,988	1,548,988
Balances with the SBV	-	-	1,523,596	-	-	1,523,596	*
Balances with and loans to other credit institutions	-	-	11,796,630	-	-	11,796,630	*
Securities held for trading	7,785,907	-	-	-	-	7,785,907	*
Loans and advances to customers	-	-	51,869,416	-	-	51,869,416	*
Investment securities	-	636,695	-	28,432,394	-	29,069,089	*
Long term investments	-	-	-	62,576	-	62,576	*
Other financial assets	-	-	7,608,510	-	-	7,608,510	*
	7,785,907	636,695	74,347,140	28,494,970	-	111,264,712	
Financial liabilities							
Amounts due to the SBV	-	-	-	-	1,885,457	1,885,457	*
Deposits and borrowings from other credit institutions	-	-	-	-	13,134,052	13,134,052	*
Deposits from customers	-	-	-	-	84,660,726	84,660,726	*
Derivatives and other financial liabilities	50,851	-	-	-	-	50,851	*
Other borrowed and entrusted funds	-	-	-	-	63,737	63,737	*
Valuable papers issued	-	-	-	-	4,500,755	4,500,755	*
Other financial liabilities	-	-	-	-	2,468,616	2,468,616	*
	50,851	-	-	-	106,713,343	106,764,194	

* VPBank has not determined fair values of these financial instruments for disclosure in the financial statements because there is no listed price in their market and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System. Their fair values of these financial instruments may differ from their carrying amounts.

35. Comparative figures


A number of comparative figures have been reclassified to conform with current period presentation. The comparing table presented the data in the previous period, before and after being reclassified as follows:

	31/12/2013 (Reclassified) VND million	31/12/2013 (As previously stated) VND million
OFF-BALANCE SHEET COMMITMENTS		
Other commitments	-	23,363,837
BALANCE SHEET		
Receivables	4,461,106	5,211,256
Other assets	2,833,878	2,083,728
STATEMENT OF INCOME		
Interest and similar income	11,037,331	10,968,253
Fee and commission income	529,760	598,838
Other expenses	(13,149)	(9,632)
Operating expenses	(2,539,156)	(2,542,673)
STATEMENT OF CASH FLOWS		
Interest and similar income received	10,626,019	10,556,941
Fee and commission income received	280,976	349,154
Other income received	61,385	64,902
Operating and salary expenses payments	(2,412,941)	(2,416,458)

Prepared by: 


Nguyen Thi Thu Hang
Chief Accountant

Approved by: 


Luu Thi Thao
Deputy Chief Executive Officer
cum. Chief Financial Officer


Nguyen Duc Vinh
Chief Executive Officer

6 March 2015